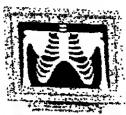
FINANCIAL TIMES



Telemedicine Boosted by cheaper telecoms

Technology, Page 24

Semiconductors

Troubled times in Taiwan



Today's survey



warn west against

seeking domination

World Business Newspaper



Chinese president Jiang Zemin and his Russian counterpart Boris Yeltsin yesterday warned the west not to seek to dominate a post-cold war world. They also resolved in a joint communique to form a "strategic partnership" that would span security and economic ties into the 21st century. The two leaders, seen relaxing above, presided in Beijing over the signing of 13 agreements covering issues that ranged from setting up a leaders' bottine to co-ordinating a fight against crime. Page 8

London bomb attempt falls: A bomb which failed to go off fully near a London bridge on Wednesday night contained more high explosives than any other yet planted in Britain, police said. The device, with more than 30lbs of explosive, was the sixth planted in London since the IRA ended its 17-month ceasefire in February. Page 16

Ford eyes Asia: US car giant Ford Motor has set a long-term goal of achieving a 10 per cent market share in Asia compared with a current regional share of about 2 per cent.

Chernobyl radiation scare: An incident at the Chernobyl nuclear power station in Ukraine caused what officials called a minor release of radiation on Wednesday night, the eve of the 10th anniversary of the world's worst nuclear accident there. The incident happened as staff changed filters that pump air from the sarcophagus encasing the fourth reactor. Picture, Page 3

Khan sets up Pakistan party: Former Pakistan cricket captain Imran Khan launched a reform movement to fight corruption and injustice. He said he would turn his Tehrik-e-Insaaf (justice movement) into a political party when people showed support for it. Page 8

Japan in repo pact: Japan's monetary authorities signed repurchase agreements with Australia, Hong Kong, Indonesia, Malaysia, the Philippines, Singapore and Thailand, a move aimed at providing liquidity and helping stabilise regional foreign exchange markets. Page 8

González 'not linked to dirty war': No evidence was found to link outgoing Spanish prime minister Felipe González with accusation over the "dirty war" against Basque terrorists in the 1980s. the country's supreme court investigator said. The "dirty war" scandal cost González the support of his former parliamentary allies and forced him to call elections early. Spain waits, Page 2

Israel drops claim: Israel's ruling Labour dropped a manifesto claim that retaining the Golan Heights was an absolute strategic national need. Israeli fighter aircraft cootinued their two-week old attack on Lebanon. Page 3

Mexican media group Grupo Televisa made a 396m pesos (\$53.5m) first quarter net loss. It was hit by higher debt-servicing costs and falling sales and

Direct Line to the US: Peter Wood, the Briton who turned phone based Direct Line into the UK's biggest motor insurer, has raised an initial \$215m to launch an assault on the American auto insurance market via a new US company. Page 17

Telefónica, Spain's partly state-controlled telecoms group, released first-quarter figures showing a 20 per cent rise in consolidated net profit to Pta21.08bn (\$190m), Page 17

Farmers challenge beef ban: Britain's farmers won the right to challenge the European Commission's worldwide ban on British beef exports in the European Court. The ban was introduced after the UK government disclosed a possible link between the cattle disorder BSE and a fatal buman brain disease. Page 16

County's bankruptcy 'not justified' The bankruptcy 1994 petition of California's Orange County was not financially justified, argues Nobel economics laureate Merton Miller. Page 4

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Czech finance

FRIDAY APRIL 26 1996

China and Russia | Protests as spending is reduced DM25bn in effort to boost economy | Grain

Bonn coalition leaders back plan for cost-cutting

Tha leaders of Germany's coalition government yesterday agreed a controversial package of spending cuts, welfare reforms and tax changes aimed at boosting the country's flagging economy and creating the conditions

for more employment.
The federal government will
cut spending next year by
DM250n, while similar economies are planned for state and local authorities to halt a rapid worsening of the public finances.

To reduce non-wage labour costs and ensure that Germany can be a founder member of European economic and monetary union in 1999, the government has also prescribed reductions of nearly DM20bn for the country's pension and bealth News of the package triggered

strong protests from the main opposition Social Democratic party. Mr Oskar Lafontaine, the SPD leader, said it was a "programme against workers, famibes and pensioners". In a letter to his fellow citizens, Mr Helmut Kohl, the chancellor,

jobs will be lost if we don't act now. Our welfare state could no longer be financed," he said. Early reactions indicated that the package was much tougher than expected. For example, it envisages tha freezing of many benefits and tax allowances next year as well as public sector pay. Wage negotiations for the public sector began yesterday but were

adjourned without the employers

making an offer.

After Tuesday night's failure to win trade union backing for politically sensitive cuts in sick pay and job protection, Mr Kohl'a government will push ahead with legislation to cut payments made by employers in the first six eks of illness to 80 per cent of basic wages. At present employ-ers have to pay salary and extras such as overtime in full at an

In the hope of making a big dent in Germany's 4.14m army of unemployed, the coalition also plans legislation to exempt many small companies from Germany's tough employment protection rules. If approved, protection against dismissal will apply to companies with more than 10

estimated cost of DM66bn a year.

more than five as at present.
Mr Heribert Spath, president of
the association of German craft

industries, yesterday predicted that this move would trigger "a wave of hiring" and create up to 500,000 new jobs. Nearly 80 per cent of companies in Germany employ fewer than 10 people, and Mr Spath said surveys suggested that between a fifth and onequarter of small businesses

would increase workforces in response to the planned change. With its emphasis on reducing employers' costs, the package is intended to make Germany better able to deal with competitive pressures. According to Mr Hermann-Otto Solms, the leader of the liberal Free Democrat party in the Bundestag, the proposals recognise that many of the policy measures used in the past to cut unemployment no longer work.

Coalition officials pointed to a new tax break to encourage employment in private house-holds as a sign that the government was not afraid to innovate to boost employment



Beyond spending cuts, Page 2
Time for Kohl to go, Page 14
Helmut Kohl: 'More jobs will be lost if we don't act now. Our welfare state could no longer be financed'

prices soar as poor crops hit stocks

By Deborah Hargreaves in London

World grain markets soared yesterday, setting new record prices for wheat and maize, with stocks expected to fall this year to their lowest levels since 1948. Mr Dan Glickman, US agriculture secretary, called on the markets not to panic as the European Commission said it would put a tax on European Union flour

Traders in Chicago, the world's main commodity market, have pushed grain prices to new highs for the past three days as the outlook for the US wheat crop, planted last winter has were planted last winter, has worsened. This follows poor harvests last year in main producing countries such as Australia.

Trading in wheat at the Chicago Board of Trade halted for several hours when the market reached its daily permissible price rise. The Commission said it would increase the tax it levies on wheat exports by Ecu10 to Ecu45 a tonne in a bid to stop EU grain being exported.

Mr Glickman told Reuters news agency in an interview: "There's a lot of excess psychology that's fuelling the markets right now. People need to relax, cool down. We are in no crisis and there is no reason to panic." World stocks of wheat have sunk to their lowest for at least 20 years, and many analysts are expecting stocks to fall further, Mr Vic Lespinasse, a Chicago

trader with Dean Whitter Reynolds, a brokerage, said: "I've never seen anything this strong in the 24 years I've traded bere. Everyone is bullish on grains. We need bumper harvests back to back to try and rebuild world stocks, but the indications are that this won't happen this year." The US Department of Agriculture reported this week that

wheat crop was in poor shape. EU grain shipments have been cut off from the export market since the Commission imposed a tax last December. That increases the importance of crops in the US

> Continued on Page 16 Traders in clover, Page 17

US Congress set to approve budget at last

The US Congress was yesterday expected to approva a budget agreement for the current fiscal year, hammered out on Wednesay night by Republican leaders and the Clinton administration. The \$163bn deal covers nine of the 13 leading government departments and other federal agencies which bave lacked a budget for the first seven months

of the financial year. Passage would remove tha threat of a third government

advantage in the protracted budgetary impasse clearly lies with President Bill Clinton and the Democrats. It took significant Republican concessions over the environment, education and job training in the final negotiations to bring about an agreement.

Nevertheless, Republican lead-ers claimed satisfaction because the level of departmental spending was \$23bn less than last year.

would have been a 14th tempo. This, said Mr John Kasich, House rary funding bill. budget committee chairman, was armed Like most compromises, it: "a tremendous victory". HIV, t enabled both sides to boast they But Mr Leon Panetta, White Aids.

enabled both sides to boast they had won. But the larger political House chief of staff and chief administration negotiator, said the agreement went "a very long way towards protecting the president's priorities". It included restoration of nearly \$5bn in spending previously cut by Congress.

One non-budgetary concession by the Republicans was vital in removing the final threat of a presidential veto. They promised to rescind a regulation passed earlier this year forcing the dis-

armed forces testing positive for HIV, the virus that may lead to

Similarly, the Republicans also weakening environmental regulation or to grant Mr Clinton the right to waive them. These included provisions ending the Environmental Protection Agency's authority over national wetlands, authorising more logging in an Alaskan national park and imposing a moratorium on additions to the endangered species

weaken environmental laws has both split the party and proved unpopular with the public. This week Congressman Newt Gingagreed to drop several riders rich gave the "greenest" speech of his speakership, virtually admitting that Republicans had misread the national mood on the environment.

That judgment could equally be applied across the budgetary board. Mr Clinton successfully blamed Republican ideological "extremism" for forcing the two

"I need a couple of raincoats cleaned overnight."

Continued on Page 16

S African strike fears push battered rand to new low

By Roger Matthews in Johannesburg and in Johannesburg and Philip Gawith in London

The South African rand took another battering on foreign exchanges markets yesterday after concerns about strikes, foreign exchange restrictions and the new finance minister.

Dealers said the fall to a new low of R4.45 to the dollar in London, from R4.26 on Wednesday, was in part triggered by the call for a one-day national strike next week by the Congress of South African Trade Unions (Cosatu). There was also disappointment after Mr Chris Stals, governor of the Reserve Bank, South Africa'a central bank, said it would be a mistake to relax exchange con-

trols in the present situation. Traders in London said sentiment had been further soured by the unconvincing performance of Mr Trevor Mannel, the new finance minister, during a series of overseas meetings. Investors are concerned that Mr Manuel. the first politician appointed to the post previously occupied by non-aligned bankers, will prove less able than his predecessors to contain public spending.

The rand has fallen 18 per cent since mid-February. The previous 11 months had seen it trada steadily around R3.65 to the dollar. Most observers believe it is the victim of a selling frenzy.



Mr Graham Bell, head of equities at Standard Bank in London, said: "The economic fundamentals remain quite sound, but the market is running scared. London analysts said the rand's most recent fall was attributable to selling by companies and investors with underlying business interests, rather than speculators. One large US bank was cited as a heavy seller. Aside from renewed political

LOMBON - LEEDS - PARIS - FRANKFURT - STOCKHOLM - MADRID - MEN YORK - LOS ANGLES - TOKYO - HOME KO

uncertainty, the currency has also suffered from fears that there will be a large outflow of funds when the government relaxes exchange controls. But analysts speculate that, with the rand having fallen so far, the removal of controls may have little effect on the price.

Cosatu repeated yesterday that it was committed to the strike next Tuesday and would take further action if necessary. It is demanding that employers' right to lock out striking workers be removed from the draft constitu-tion to be adopted on May 8. This would reverse the compromise reached by unions, employers 5° the government on the new

Employers' organisations warned the strike would damage industry and investor confidence and some companies urged a oneday lockout in retaliation.

Mr Stals said this week that he elieved the rand would now stabilise and was probably somewhat undervalued. On Wednesday he emphasised that the main objective of monetary policy was to protect the value of the currency by keeping inflation low.

Speaking after the rand's abarp
fall, Mr Stals said: "It is getting
more difficult to remove exchange controls. We first have to get stability back into the market. Whatever we do on exchange controls must be done in an atmosphere of more stable condi-

The Reserve Bank vesterday sold dollars to support the rand citing its anxieties over the risk of higher inflation.

> Currencies, Page 27 World stocks, Page 36

CONTENTS Int. Bond Service . 30.31 S FT Quarterly Review of

Say the word, and our valets will clean and deliver your clothing by morning. If it's wrinkled, they'll press it with equal dispatch. We will polish your shoes with a virtuoso's touch, and if need be, even provide new laces—all with our compliments. And our room service chals will ensure your breakfast arrives well before your 5:30 a.m. FOUR SEASONS HOTELS taxis does. In this value-conscious era, the demands of business demand. nothing lase. For reservations, phone your travel counsellor or call us toll free.

Germany beats UK in turning the Euro into Ecus

By Carolina Southey

Germany has already been awarded nearly a fifth of the Ecul9m (\$23.5m) budget set aside for 1996 to promote the EUs single currency, the Euro, suggesting Germans are likely to be the best informed EU citizens when new notes and coins are introduced in 2002.

In stark contrast, British officials confirmed yesterday that none of the money would be spent in the UK as the government was "not intending, for the moment, to launch a Euro

Outlining a strategy aimed at boosting the Euro's image over the next two years, Mr Yves-Thibault de Silguy, EU commissioner for economic, monetary and financial affairs, said yesterday the Commission had agreed to give Boun Ecu4m for a pro-Euro cam-paigu. He said the Bonn government had also pledged to commit DM10m of its own to

promote the currency.
The commissioner said: "We looked at what we could do, what was complementary, and then added up our sums." France and Austria were also working on projects which could lead to co-financing with

the Commission. A British official said there was "no need to stimulate a debate" about the single cur rency in the UK as it was such a topical issue. "The Commission has accepted that there will be no propaganda campaign, either by the government or by the Commission, for the time being," he said.

Mr de Silguy stressed thet the Commission had no intention of excluding anybody from applying for the EU funds, or forcing anybody to take part in the campaign. "We want to avoid propaganda," he said. Member states would be

responsible for designing the campaigns to match local conditions, "We simply want to make information available," he said. Mr de Silguy added that the Commission had drawn lessons from Britain'a campaign, launched four years ahead of decimalisation in 1971, to explain how the system worked.

"Explanations about the currency have to be adapted to local needs and expectations. is decentralised so that information is as close as possible to citizens - in their local banks and shops," Mr de Sil-

guy said. The initial focus of the campaigns would be companies. the financial services sector and public administrations. "In the light of the experience of the these first initiatives campaigns will be extended in 1997-1998 and the intensity of the programmes will he increased," he said.

A proportion of the funds will be used by the Commission to provide ingistical back-up for the national campaigns. By the end of this year the Commission hopes to be able to provide: support and speakers for conferences, a newsletter, information packs, cartoon strips, educational CD-Roms and a mobile exhibition. including an "infobus" which could visit individual compa-

The commissioner said a database would also be set up with information and ideas which would be accessible through a freephone number via the internet.

Money would also be made available for opinion polls so that the attitudes of particular groups could be analysed information targeted accordingly.

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Kohl's team hopes it has found the formula to end economic stalemate

Bonn goes beyond spending cuts

There was a palpable sense of achievement when the senior politicians in Chancellor Helmut Kohl's coalition government yesterday completed negotiating the package of measures to revive the economy and reduce unemploy-

They had set out on the chancellor's return from holiday 11 days before to find solutions by the end of this month to a complex series of problems and succeeded well within their deadline.

The measures, which will be announced by Mr Kohl in the Bundestag this morning, cover far more than the large-scale spending cuts which have dominated media coverage of the negotiations. Welfare restruct-uring and tax changes are planned in the hope of improving the climate for investment. A cut of DM50bn (\$32.8bn) in public spending hudgets is required next year to fill gaps in the finances of federal, state and local authorities. In addition, the programme prescribes savings hy the pension and health insurance funds to push the welfare contributions which are a growing hurden on employers and employees - to below 40 per cent of total wage bills by 2000 from 40.8 per cent.

About two thirds of federal government savings will come from stopping transfers to the Federal Lahour Office and from economies in spending departments. How the ministries will share the burden will be clearer in July when the cabinet approves the draft 1997 federal budget. It is already certain that the defence minis try will come under heavy ressure to cut outlays. Most state and local authority savings are due to come from a pay freeze which has

still to be negotiated. Person-



nel costs make up an average

39 per cent of atate hudgets against 11 per cent of the federal budget.

The DM12hn cuts in pension fund outlays will be achieved through 30 measures, including raising the retirement age for women to 63 from 60 next year, cutting pensions for ethnic German immigrants from the former Soviet Union, reducing to three from seven the years of state contributions paid into pension funds for students, cutting the duration of pension

fund-financed health cures to three weeks from four and increasing the interval between cures to four years from three.

Health sector savings are intended to reduce contributions by about 0.5 percentage points from the present average of 13.4 per cent of total wages, shared by employers and employees. Measures include a 10 per cent cut in the long-term sick pay provided hy insurers, a DM1 increase in prescription charges and a

SPENDOIG CUTS IN 1997 (Dillo)

Cuts in departmental budgets Public sector pay freeze
Delayed children's allowances increase.
Reduced transfers to Federal Labour Office.
Reduced transfers to pension insurers Reduced support for longer term unemployed Total spending cuts . State and local authorities savings Public sector pay freeze Total state and local authority cuts Social Fund savings Pension funds Health insurance funds

administration costs. The introduction of the second stage of residential care insurance for the elderly in July will reduce the use of hospital beds, saving some DM2.4bn.

Plans to limit sick pay form an important part of the pack-age. The government will legislate to limit sick pay to 80 per cent of basic wages for the first six weeks of illness - currently employers have to provide full pay, including recent overtime and benefits. This should lower non-wage labour costs over time but will have only a gradual impact as sick pay is largely regulated in collective bargaining agreements.

A significant act of deregu-lation will be the raising to 10 from five the number of persoms a company must employ before rules protecting workers against dismissal taka effect. Germany's well-meaning legislation in this area has proved a joh killer because many small companies decide to have no more than five employees, fearing they will not be able to dismiss them when business is

On the tax front, the government has modified its plans for reducing the much-hated 7.5 per cent "solidarity surcharge"

clampdown on the insurers' on income tax that is used to finance the davelopment of eastern Germany. This will he cut by one percentage point at the start of 1997 and a further point the following year, instead of by two points next

July.
Wealth tax will be abolished at the end of the year in line with a Constitutional Court ruling while inheritance tax will be revised so that people can be sure of inheriting the family home free of tax. The government will also push through long-promised changes to business taxes, including the abelition of the local trading capital tax which companies pay irrespective of whether they are making a

The plan includes incentives for husiness start-ups and measures to ease access to risk capital. Looking ahead, the governmant is satting up a commission to prepare a thorough reform of Germany's complex and inequitable income tax system from 1999. Another commission will work out how to adapt Germany's "pay as you go" pension sys-tem to cope with problems posed by an ageing population

Time for Kohl to go? Page 14

Rise in French inflation rate

France experienced its biggest rise in monthly inflation for five years in March, but consumer spending on manufactured goods dipped for the second month running.

The national statistics bureau yesterday reported the monthly increase in consumer prices reached 0.6 per cent in March, taking annual inflation to 2.3 per cent.

It said three factors were principally responsible: a 5.9 per cent increase in the price of fresh products; higher energy prices; and an increase in the cost of summer clothing after last year's rise in sales tax.

Consumer spending dropped 1.3 per cent in March. The surge in consumer spending in January, as the country emerged from a wave of strikes, meant that French consumption of manufactured goods rose by 4.9 per cent in the first quarter. Yesterday's figures came as the Bank of France cut tha five-to-10 day lending rate by 60 basis points to 4.90 per cent

Spain prolongs political vacuum

Spain's agonising wait for a new government was extended yesterday when it becama clear that an inaugural debate in congress to confirm Mr José María Aznar, leader of tha centre-right Popular party, as prime minister could not be held before the end of the month.

This was in spite of the prospect of an agreement tomorrow with Catalan nationalists to provide the backing Mr Aznar with Catalan nationalists to provide the backing Mr Aznar needs to carry the vote. The Catalan group, Convergence and Unity, said yesterday the agreement would not be official until ratified by party committees at the weekend. The speaker in congress, Mr Federico Trillo, who belongs to the Popular party, called off plans to organise a debate for the beginning of next week. Both parties, however, indicated they did not expect any further obstacles to a pact.

The threat of least action praines Mr Paline Canada.

■ The threat of legal action against Mr Felipe González, outgoing prime minister, over the "dirty war" against suspected Basque separatist guerrillas, receded yesterday when the judge investigating claims of top-level involvement was reported to have found no evidence linking Mr González to a 1963 kidnapping. A former interior minister, Mr José Barrionnevo, still faces charges. David White, M David White, Madrid

Ciller delays coalition decision The former Turkish prime minister, Mrs Tansu Ciller, said yesterday that her True Path party had decided to postpone a decision on its future role in the ruling conservative coalition.

"The DYP will evaluate (the situation) once again in the coming days," Mrs Ciller told reporters after a six-hour meeting to discuss the Turkish parliament's decision on Wednesday to investigate corruption charges against her. Mrs Ciller's party is reported to be considering splitting away from its coalition partner, tha Motherland party, over its lack of support in the parliamentary vote on the corruption

Czech capital markets reformed

The Czech parliament yesterday approved reforms to the country's unruly capital markets, adopting measures to protect minority shareholders in privatised companies. The new measures oblige an investor acquiring between 10 and 66 per cent of a company to declare its interest to that company within five days. This information must be published within three days of notification. Any change of 5 percentage points in the size of the stake must also be reported.

An investor acquiring 50, 66 or 75 per cent of a company must offer to buy out minority shareholders. The offer, which does not have to be accepted, is to be valid for 60 days. A 95 per cent shareholding will trigger an offer to buy any cutstanding shares. Companies will also he able to buy back up to 10 per cent of their own shares. The entire package Vincent Boland, Prague comes into force in July. Survey: Czech Finance and Investment, separate section

charges against her.



A Czech agriculture ministry employee (above) collects ome of the three tonnes of onions dumped in front of the ministry building in Prague yesterday by farmers angry at the import of cheaper and inferior-quality onions from the European Union.

Czech farmers have thrown away about 20,000 tonnes of high-quality onions this year because of the dumping on the market of EU onions, said Mr Josef Krizek, deputy parliamentary leader of the opposition Czech-Moravian Union.

While countries such as the Czech Republic badly want to you the EU, they complain of unfair trade practices such as the protection of domestic industries against imports from central Europe, and the sale of excess produce from the EU's highly subsidised farms. "We are just the EU's garbage can,"

Last year, about 35 per cent of all the onions consumed in the Czech Republic were imported from the EU, mainly from the Netherlands, said Mr Krizek. He added that imported onions are 25 per cent more expensive to huy than Czech

Swiss finalise alpine rail project Switzerland's government will ask its parliament in June to approve a massive rail and tunnel project through the Alps aimed at easing trans-European traffic and costing SFr30hn

(\$24.27bm). The main feature of the project are two tunnels, known as the New Alpine Rail Axis, totalling 80km, to be drilled through granite under the Gotthard and Loetschberg massifs at a cost

of SF15bn.
Under yesterday's proposal approved by the cabinet, no

more than 25 per cent of the project price will come from new finder than 25 per cent of the project price will come from new federal borrowing on capital markets. The remainder will be paid for from a mix of increased duties and taxes on fuel, lorry fees and some budgeted government funds.

Reuter, Berne

Fewer Norwegians unemployed Unemployment in Norway fell in April to 4.2 per cent of the workforce from 4.8 per cent the month before, as the

oil-boosted economy continued to grow faster than its neighbouring Nordic countries, where jobless figures are much higher.

Even including the 2 per cent of workers in government-backed training schemes, total unemployment in Norway stands at little more than half the level of Sweden. The flow of oil and gas from the North Sea is the critical factor buoying the economy.

Hugh Carnegy, Stockho
Finland's unemployment rate fell last month to 17.1 per Hugh Cornegy, Stockholm cent, down from 17.8 per cent in February.

• Sweden registered a trade surplus of SKr12bn (\$1.79bn) in March, the Swedish central bureau of statistics (SCB) announced yesterday.

cent fall to industrial production. Analysts were surprised by the extent of cent fall reported earlier. Preliminary inflation figures for

ECONOMY SENDS OUT CONFLICTING SIGNALS

Helmut Kohl's government were exacerbated yesterday when it emerged that industrial production in February had fallen by 2.8 per cent compared with a month earlier, writes Michael

Lindemann in Bonn. This was a much sharper drop than the 1.6 per cent reported when the preliminary figures were released. While driven by poor results in the construction industry - where production fell 11.6 per cent - there was also a 2.1 per the downward revision, saying it proved once again how mureliable were German statistics. New orders for Febroary were also revised downwards in

The problems faced by Chancellor the downward revision was largely the final, seasonally adjusted February figures released yesterday by the Bundesbank. However, the fall was slighter, dropping to 1.2 per cent from a 1 per

April, based on results from the four blggest west German states, showed annualised inflation rate in April had dropped to 1.3 per cent from 1.4

per cent a mouth earlier. The monthly comparison with March showed a 0.2 per cent rise, driven by a 4.4 per cent rise in heating oil prices.

M New vehicle registrations in Germany were up 3.3 per cent from a year earlier, AP reports from Bonn. The motor vehicle department said the rise in new registrations "exceeded the expectations of all industry watchers".

Progress in clearing up financial mess left by break-up of former Yugoslavia

Croatia nears debt deal with banks

By Kevin Done, East Europe Correspondent

Leading western banks were close last night to reaching agreement with Croatia on its share of the \$4.4bn of commercial bank debt of furmer Yugoslavia. The prospect of a deal with Croatia has led to a significant rise in the price of former Yugoslavia debt in the secondary market in recent days. The negotiations with Croatia follow

the breakthrough agreement made by the London Club of nearly 400 creditors of former Yugoslavia with Slovenia last It is understood that Croatia is prepared to accept at least 28.5 per cent of

on the terms for rescheduling as regards maturity and a possible grace Slovenia is taking over 18 per cent of the total outstanding obligations of for-

the debt, and recent negotiations centre

mer Yugoslavia to the commercial banks, which total around \$5.6bn including principal and interest.

The agreement with Slovenia, which is due to come into operation in mid-June, has come under heavy attack from rump Yugoslavia - Serbia and Mnntenegro - which launched an action in the High Court in London last month in an effort to stop Slovenia pursuing an independent deal.

The commercial banks have insisted that they will go ahead with implementation of the Slovenian agreement, as planned, however, despite the legal threats. Backing for the individual deals came

from the US Treasury, which says it "supports the efforts of successor states" of former Yugoslavia to reach negotiated arrangements with external. creditor groups. The deals with the London Club cred-

itors are regarded as crucial for Slo- cuss the legal action in London."

venia's and Croatia's efforts to build an : independent presence in the international capital markets.

Both are planning to launch maiden issues in the Eurobond market later this year and are seeking ratings for new debt from the leading international rating agencies.

Last night there were also signs of

Belgrade relenting in its tough stance. of recent weeks as rump Yugoslavia signalled that it might be ready to enter into negotiations itself with the banks. Representatives of the National Bank of Yugoslavia and the Yugoslav Finance Ministry are to meet the inter-

national co-ordinating committee (ICC) of the banks chaired by Chemical Bank of the US in New York on Monday, according to one ICC member.

"We don't know what store to set on this meeting," said a member of the ICC last night, "but obviously we will dis-

There has been mounting confusion surrounding Belgrade's approach to the debt negotiations and its efforts to reenter the international financial community, and in particular to gain mem-bership of the International Monetary Fund and the World Bank.

Earlier this month the conflict became public when Mr Dragoslav Avramovic, the central bank governor, blamed his own government for blocking rump Yugoslavia'a membership of the IMF. At issue is whether rump Yugoslavia should be regarded as the sole successor to the former communist federation of six republics, as claimed in Belgrade.

This week Mr Avramovic has been forced to relinquish his leading role in the negotiations with the IMF. The Belgrade government said Mr Jovan Zebic. the finance minister, had been named special co-ordinator for negotiations to rejoin western financial institutions.

Ireland leaves a mixed message

John Murray Brown on official ambivalence over a phone monopoly privatisation

he crossed lines afflict-ing Ireland's efforts to liberalise its telecommunications sector have become even more entangled. In recent weeks the government has moved to clamp down on private sector nperators, tn a clear pitch to counter flagging interest in the privatisation of Telecom Eireann, the state-owned telecommunications monopoly.

The particular concern is over the growing threat to TE's revenues from the use by private operators of "routers" smart boxes which provide small companies with a cheaper alternative to leasing lines from TE.

But there are bigger issues at stake in the planned sell-off. Next week, the tender enters its final phase when TE opens negotiations on the sale of a 35 per cent stake with two concerns - a joint venture between KPN, the publiclyquoted Dutch telecoms company, and Telia, the Swedish state company; and Tele Dan-

The sell-off, which the government hopes to conclude by July, was at first expected to and LE600m. Officials at TE are still confident the equity dis-posal will realise a price "in the I£400m range". However KPN-Telia's open-

ing bid is believed to be around I£220m, while the cash-rich Danish companyoffered around 1£300m. Tele Danmark's continuing partieipatinn is far from certain, however, as TE has said the company would have to come to the table with a partner. A combination of union. opposition and a market glut-ted with European telecom privatisations - many of them-mors attractive than the minority stake on offer in what is one of the European Union's smallest telecoms

companies – has dampened international interest. Industry observers say. ating less than half the proceeds at first envisaged. TE says the government has agreed that the first 12220m from the sale be used to restructure the company's balance sheet, and reduce its 19860m debt. In the present circumstances even this concession could be challenged by

proceeds for its own budget.

The outcome could be a big embarrassment for Mr Michael Lowry, the telecommunications minister, who more than anyone in the three-party coalition has championed the privatisation cause. His officials point out that

the project has frustrated and three of Mr Lowry's prede cessors. The process started more than four years ago with invitations sent to 40 companies - 36 of whom responded, including British Telecommunications, AT&T and Cable The company liself is said to

bave favoured the industrial logic of a link with British Telecommunications. According to one industry official, "BT saw a messy labour situation and a government which was reluctant to give a clear undertaking on its shareholding". TE believes BT already had its mind on its own separate negotiations with Cable and Wireless. Cable and Wireless made an

early hid, apparently offering

19500m, only to be blocked by

the government, particularly

the Labour faction in the coali-

reputation on issues of union recognition in other countries. Under EU directives, voice telephony services are to be opened to competition by 1998. Ireland, together with Spain, Portugal and Greece, won a dslay in the timetable from the Commission, in Ireland's case until 2000. Ireland has the third most advanced digi-tal network in Europe. But the move was sought more for

political reasons - to buy time to persuade the unions of the

need for retrenchment.

I wever the delay has merely served to high-light the ambivalence of the Irish authorities towards the whole issue of privatisation, a word Irish gov. work, but is recorded as a ernment ministers still decline local call by TE, thus eating Any incoming partner will

want the authorities to clarify the nature of competition, together with future intentions for the remaining 65 per cent stake. There is also a question over the company's pension liabilities, and how exactly they are to be funded, as the government is currently

tion, who were responding to behind in its contributions to union concerns about C&W's the tune of 12300m according Two weeks ago, in a move to appeal to a prospective buyer, Dublin announced new rules

curbing the use of routers. But the latest move has revealed the tensions between the need for competition in the market and the need to guarantee the future revenues of any incoming partner The latest controversy centres on whether routers are

considered "voice telephony"

or constitute a dedicated ser

vice, or "services for closed user groups" - an area of telecommunications stready liberalised. A router directs interinational or long distance traffic to an alternative currier through the public switch netinto the company's earnings. Some bankers believe the government could face a legal challenge to its move on roaters, if as seems likely the small concerns affected by the change complain to the Com-

If that happens, it could further hamper the chances of a conclusion soon to the sale.

مكذا من الأصلي

Rise in French inflation rate

To May 1

Some of Russia's most powerful bankers are planning an attempt to persnade the leading candidates in the presidential elections to develop a joint political programme and are threatening to withhold financial support from candidates who refuse to enter such a dialogue.

Several of Russia's leading financiers, who also control many media groups, are believed to have held a secret meeting with newspaper and television editors on Tuesday to discuss tactics.

They fear a decisive win by either Mr Germady Zynganov, the Communist candidate, or President Boris Yeltsin could spark serious social unrest. Opinion polls show many voters strongly oppose both leading candidates - who seem likely to make it through the first ballot on June 16.

Some of the leading movers

are understood to include Mr Boris Berezovsky, head of the Logovaz trading empire, Mr Vladimir Gusinsky, head of the Most banking and media group, and Mr Mikhail Potanin, president of Oneximbank, who have been antago-

nistic towards one another. Several other banks, such as Stolichnyi, Menatep and Apha-Bank, which have been among ciaries of Russia's privatisation programme, are also involved, according to Russian newspaper reports. Other executives in the oil and gas industries have expressed support.

It is not yet clear whether
the banks' plans will develop

into concrete proposals. Nor is it certain whether they will attempt to press for change behind the scenes or go public with their demands.

Any open pressure on the candidates could backfire and lead to accusations that the banks are simply trying to defend their own interests.

tised companies back under state control.

Mr Yeltsin has, with some success, been trying to depict his Communist opponents as extremists who will destroy the reform process and be would appear temperamentally

averse to any compromise.

"If they [the Communists]
win, civil war would start in
Russia." Mr Yeltsin told the leadership of the Chinese Communist party in Beijing yester-

the government have floated day. "This would be an end to plans to take some semi-priva-reforms, this cannot ba allowed."

Mr Zyuganov has been trying to present a more moderate front and yesterday agreed to speak to 60 foreign investors at a conference in Moscow arranged by CS First Boston, the international investment

Earlier, Mr Vladimir Kossov daputy economics minister, conceded that political uncertainty in Russia was scaring away foreign investment.

Italian premier must decide on mini-budget

The need for a mini-hudget before the summer has been confirmed by the long-delayed release of Italy's quarterly public accounts.

The figures show an extra L9,800bn (\$6.2bn) will have to be found in new fiscal mea-sures or spending cuts to hold the 1996 budget to its targeted deficit - L109,400bn, equivalent to 5.9 per cent of GDP. The caretaker government

headed by Mr Lamberto Dini now has to decide whether to ease the path of the new administration by pushing through a budgetary package. Mr Dini's Italian Renewal party fought the elections under the umbrella of the vic-torious centre-left Olive Tree alliance. He will thus be closely co-ordinating budgetary policy with the incoming administration, which is unlikely to he ready before

mid-May. But Mr Romano Prodi, the leader of the Olive Tree and almost certainly the next premier, this week ducked the question of the mini-hudget. It was up to Mr Dini if he wished to carry out a quick package of

measures.
According to the treasury's figures, continued high interest rates have added L4,200bn to the service costs of the country's huge deht. A further L3,200bn has to be found to off-set lower receipts resulting from a higger slowdown in the economy than expected. The treasury also has had to factor in some L2,000bn needed to recapitalise the huge losses of the publicly owned Banco di

Normally, the government is obliged to have ready by May 15 its annualised three-year macro-economic programme, which forms the basis of the next year's budget. If the Dini government passes the respon-sibility of a mini-budget onto its successor, this timetable will slip. Spending cuts are easiest in welfare, an area where the Olive Tree has to tread carefully with its elector-

inflation - to which last year's mini-budget introduced by Mr Dini added almost one percent-

Mr Antonio Fazio, governor of the Bank of Italy, repeated this week that the discount rate would not be cut until inflation was firmly under con-

But commercial rates as well as those for treasury bills have been falling in anticipation of such a move. The rate for 12 month treasury bills is close to the 8.5 per cent envisaged in the budget because of the prospect of greater political stabil-ity and pursuance of sound economic policies.

Given the weight of debt service on the budget deficit, the speed and extent to which Italian interest rates are brought closer to the EU norm are vital. Both the outgoing government and the Prodi team are convinced that international confidence in Italy's stahility will help create a virtu-ous circle which in turn will reduce the debt burden through lower interest rates -beoce the need for measures

that bring blood and tears. The new government economic team is likely to retain the traditional three portfolios: treasury, budget and finance, The main candidate for the treasury is the former Christian Democrat economist and minister Mr Beniamino Andreatta, who has been the economic spokesman for the

Popular party.
As hudget minister the name consistently mentioned is Mr Carlo Azeglio Ciampt, the expremier and former governor of the Bank of Italy. Mr Ciampi did not stand for parliament but his presence is being canvassed as a neutral figure with international credibility.

Mr Augosto Fantozzi, the current finance minister, has strong credentials to retain the job, which he handled well. But the Party of the Democratic Left (PDS), the dominant partner in the Olive Tree, will Visco, its chief economic

Europe and US lay plans for more flexible military alliance

Paris-Washington compromise over independent missions

efence chiefs from the US and its Nato partners have succeeded, after more than two years of tortuous discussions, in hammering out the details of a new model for military co-operation. The break-through appears of the property of the pro through appears to bring a step closer to fulfilment the French vision of a Europe which remains allied to the US but can organise military missions

on its own if necessary.

But as Nato officials were pointing out yesterday, tha credibility of French demands for a robust "European pillar" in the alliance may yet depend on another round of diplomacy: the inter-governmental conference on European Union reform, Meeting in Brussels this week, west-

ern armed forces chiefs settled the terms on which wholly or mainly European missions could borrow transport and electronics from Nato or in practical terms, from the US.

The deal, which Nato foreign ministers will endorse in Berlin in June, was made possible by a delicate Franco-US compromise, struck behind the scenes about two months ago. Disagreements between Paris and

Washington have been the main reason for delays in fulfilling the pledge made by President Bill Clinton and other western leaders in January 1994 to develop a new form of US-European co-operation known as combined, ioint task forces (CJTF).

Such forces would be assembled for missions in which the US did not want to participate directly but which needed indirect US equipment and logistical support. One might be required for Bosnia next year, if the US sticks by its plan to withdraw its ground forces.

Instead of ending up in the "scrapyard", bumpers, hubcaps and radiator grilles

made from Bayer plastics are recycled into new car parts

Under the compromise, the US has agreed to France's wish that CJTFs might sometimes be run from non-Nato commands, such as the Strasbourg headquarters of the Eurocorps, a mainly Franco-German structure. The suitability of these commands would have to be certified by Nato, and if necessary Nato would help

upgrade them. France, in keeping with its announcement last December of a partial return to Nato'a military wing, has also mada a series of concessions. It has accepted that CJTFa would require political approval from the North Atlantic Council - an institu-tion grouping Nato's 16 members, in which Washington always speaks

with the loudest voice. Paris has also come round to the US view that Nato, having lent equipment for a CJTF, would have the right to take it back before the mission was completed - but only in the event of a grave security crisis.

ato officials say the compro-mise marks an important step in adapting the alliance to a post-Cold War Europe, in which the US reduces its military presence.

But many more steps are needed: for financial reasons, the number of Nato commands must be reduced, and will presumably have to be spread over more countries as the alliance expands. This will be a painful process: existing members are protective of the commands on their soil, and prospective new members - Poland, the Czech Republic and Hungary may be even more so.

But this command structure reform

resentful of US hegemony in Nato, sees its opportunity. French officials would like to see all-European commands, and perhaps European commanders who combined their Nato functions with some form of subordination to EU institutions.

For example, the post of supreme commander of allied forces in Europe - Saceur, in Nato jargon - has always been filled by a US general. In the French vision, Saceur might he flanked by a European deputy who could sometimes act independently.

But Nato officials believe the US will look sceptically as French proposals for the "Europeanisation" of Nato unless Europe acquires some coherent policy- and decision-making structures as a result of the IGC.

The US, which has been engaged since December in a dialogue with the EU over issues ranging from non-pro-liferation to trans-national crime, has often complained at the lack of clearly identifiable interlocutors. US officials find themselves dealing either with an EU presidency which rotates every six months, or with a Commission whose authority to speak on key questions of external policy, other than trade, is still limited.

But the experience of Bosnia, where peace proved impossible to negotiate or enforce without US help, has made many EU members more wary about the idea of a separate security and defence identity for Europe. So the French, having half-persuaded the Americans to alter the terms of the transatlantic partnership, may still have some way to go in convincing their fellow Europeans.



A worker paints a fence around a Chernobyl nuclear reactor this week

Worst effects of Chernobyl 'still to come' The worst health consequences of the development in the rate of cancer" as a result of Chernohyl - cancers

Chernobyl accident, 10 years ago today, may still he ahead, according to President Boris Yeltsin's environmental adviser, Bruce Clark writes from Brussels. Professor Alexei Yablokov, in Brussels as guest of the the Bellona Foundatioo, au environmental pressure group, said he feared

caused hy the bombs dropped on Hiroshima and Nagasaki had only started rising sharply a decade later. Already, the annual incidence of thyroid cancer among children in Russia, Ukraine and Belarus had risen to more than 700 from under 30



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Expertise with Responsibility





About-turn by Paraguay's president comes as thousands of protesters threaten to clash

Wasmosy reverses pledge to strongman

By David Pilling in Asunción

Paraguay's President Juan Carlos and political pressure, yesterday reversed his promise to name military strongman Ĝeneral Lino Oviedo as defence minister.

Colonel Carlos Alberto Ovando, armed forces spokesman, distanced himself from the rebellious general, who had until Wednesday refused a presidential order to resign his com-mand, saying: "What he does now is his own private problem. . He no lon- sion amid great tension and confusion a patriot who loves his country and ger has any connection with the as thousands of demonstrators - both who can bring order and maintain

By Christopher Parkes in Los Angeles

The Orange County bank-

ruptcy petition, filed in Decem-

ber 1994, was not financially

justified, a Nobel economics

The county, which is still

racked by the economic and

political shockwaves generated

in the largest municipal finan-

cial collapse on record, had more than enough funds and

revenues to cover its ohliga-

tions, according to Mr Merton

Mr Millar, professor of

finance at Chicago University,

is an acknowledged if contro-

versial expert on derivatives -

the financial instruments most used in the southern Califor-

nian authority's investment

His report, delivered yester-

day, was commissioned by

Merrill Lynch, the New York-

based investment house and

former kay adviser to the

Orange Connty treasury,

which is being sued by Orange

County for \$2bn in a malprac-

Mr Miller's findings support allegations from Merrill and

other sources that the county's

board of supervisors acted

over-hastily in sacking Mr Rob-

ert Citron, county treasurer,

tice suit.

laureate claimed yesterday.

armed forces." Gen Rafael Noguera, Paraguay's military chief of staff, had late on Wednesday night said tha Wasmosy, bowing to huge popular armed forces would accept the decisions of Mr Wasmosy, the country's first democratically elected president in 50 years.

Gen Oviedo's stand-off with Mr Wasmosy had appeared to end when they embraced at a parade. The general relinquished his army command after being promised the defence min-

Mr Wasmosy overturned that deci-

supporters and opponents of Gen Oviedo - threatened to clash while they marched towards the presidential palace. Heavily armed police kept them apart.

Supporters of the general, decked out in the bright red of the ruling Colorado party, stormed the palace when they heard their military hero was inside. Referring to the general's desire to become president in 1998, Mrs Ilda Brum de Halaburda, a supporter, pushed past a policeman's riot shield to say: "I want a valiant leader,

Opposition supporters, shouting slogans against both Gen Ovledo and Mr Wasmosy, moved against police lines as the red tide swept towards the palace. They were beaten back with trun-

"We are against the two of them," said Mrs Marta Perez de Doldan, a hospital volunteer. "Both Oviedo and Wasmosy should get out and take their corrupt government with them. Ours is only a limited democracy."

silence, arrived by helicopter at the

discipline. In Paraguay we confuse presidential palace in an effort to democracy with a free-for-ell." pressure for his impeachment. "I have decided to break my personal commitment, whatever the consequences for

myself," he said. Gen Oviedo, who had arrived at the presidential palace for what was to have been his ministerial swearing in, reacted to Mr Wasmosy's change of mind by saying he would explain his next move at a rally of supporters later in the afternoon.

Ours is only a limited democracy."

"I have no commitment to the Mr Wasmosy, after 24 hours of national government," he said. "I consider myself a soldier for democracy."

AMERICAN NEWS DIGEST

Sales of US homes buoyant

Sales of US existing homes shot up in March to the briskest rate in more than two years as buyers rushed to take advantage of relatively low interest rates, the National

Association of Realtors said yesterday. Sales jumped 6.9 per cent from February to a seasonally adjusted annual rate of 4.21m units - the highest rate since 4.35m in December 1993, according to the real estate group.

March sales were 16 per cent higher than the rate a year earlier, when used homes were selling at a rate of 3.63m a year. The March figure was well above Wall Street economists' expectations of a 3.94m rate. Every region in the country

Mr John Tuccillo, chief economist for the realtors' group, said the robust March sales pace reflected lower rates earlier this year and was unlikely to be sustained into the

Kennedy ring fetches \$2.6m

The big spenders came out again for Jacqueline Kennedy Onassis's worldly goods at Sotheby's in New York on Wednesday night, pushing the midway total of the four-day

The biggest price of the night - in what has turned into the celebrity auction of the century – was fetched for the biggest diamond ring the former First Lady owned, a 40-carat gem mounted in platinum that, according to one account, was given to her by Aristotle Onassis the night he proposed marriage. The ring fetched \$2.6m. An unidentified European museum paid \$1.4m for the

18th-century desk which President John Kennedy used to sign the 1963 nuclear test ban treaty outlawing all nuclear

Land reform ministry for Brazil

Brazil's President Fernando Henrique Cardoso has created an "extraordinary" ministry for land reform following allegations that his government was moving too slowly on the issue. Criticism of a government programme to allocate settlements to landless rural workers has strengthened since police killed at least 19 demonstrators in the northern state of Para last week. Mr Cardoso defended the government's record, claiming to have found land for more than 42,000 families since January 1995. Landless workers' representatives say the true figure is 12,000 families. The new minister is Mr Raul Jungman, formerly president of a government environment

Mexican truckers set to strike

Mexico's road haulage operators are threatening to strike from April 29 unless the government agrees to lower diesel tariffs and aids the indebted transport sector.

The stoppage would have a devastating impact on Mexico's export sector and cause considerable disruption to the internal distribution of goods. A similar strike by Chilean road haulage operators in 1973 helped bring down the government of the late president Salvador Allende.

The Confederation of Mexican Transport Operators (Constram), which is threatening the indefinite strike, groups about half the country's cargo operators, most of whom are small entrepreneurs who own their own trucks. More than 80 per cent of Mexico's \$50bn-worth of exports to the US are carried overland, as is a similar percentage of the country's

Leslie Cromford, Mexico City



Members of the Vietnamese community in California march on the Capitol in Sacramento in support of South-East Asia Genocide Remembrance Week. The event was attended by many who served as prisoners of war in the Vietnam conflict

Teamsters 'victory' in plant dispute

By Robert Taylor, Employment Editor

Tha US Teamsters union claimed a victory last night when Huhtamaki Oy, the Finn-ish-owned food conglomerate, agreed to suspend its plan to close its confectionery plant in Centralia, Illinois, and move production to non-union facili-

"By filing bankruptcy petitions and liquidating [the pool] Orange County officials changed the fund's investment strategy," Mr Miller's study concluded.

filed for bankruptcy, thus real

This paper deficit, according to Mr Miller's research, would

have been more than re-

instated had nerves remained

hankruptcy had not been

declared, the value of the

Orange County investment

pool portfolio would have increased by about \$1.8bn

between December 1 1994 and

March 29 1996," Mr Miller

This exceeded the losses sus

tained in liquidating the pool,

Even at the time of the col-

lapse monthly interest earn-

ings on county investments

exceeded the cost of funds by

about \$32m, he claimed.

he added.

"Our analysis shows that it

ising a paper loss.

"This dispute shows trade

ties 100 miles away. An independent inquiry is to be held into the decision and it will report by the end of sum-

Union officials, along with local clergyman, employers and community leaders from the town met Mr Timo Paltala, the company's chief executive, in Helsinki yesterday and he agreed to their demand for the

unions need to project disputes over plant closures as human rights issues and not just labour-management problems," Mr Ron Carver, the Teamsters strategic campaigns director, said yesterday. The plant,

employing 400 workers, is the second largest employer in Centralia and the union Helsingin Sanomat as an claimed its closure would have had a devastating impact. The union mobilised a wide coalition in Illinois involving

politicians, the clergy, community associations and other pressure groups.
The Teamsters were also helped in their campaign by the Finnish food workers' union and the Geneva-based

The union had an open letter

Food Workers International.

advertisement calling on him to intervene and rethink the decision to close the plant.

The company was told if it did not agree to an independent inquiry a nationwide consumer boycott would be organised in the US against its PayDay candy bar. The Teamsters are involved in a number of other corporate campaigns against international compa-

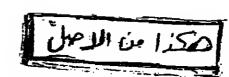


mained the most famous, if not most impervious, boundary in the world. Now the long-awaited undersea rail link between Great Britain and France-the Channel Tunnel-is open for business. equipment was used to help move 9 million cubic meters of earth and build access roads and entry points on both sides of the channel. Wherever the world's

Of course, we were just as busy above sea level last year, shipping \$15.5 billion worth of Caterpillar equipment around the world. But that's only natural.

we're bound to cross a few international borders.

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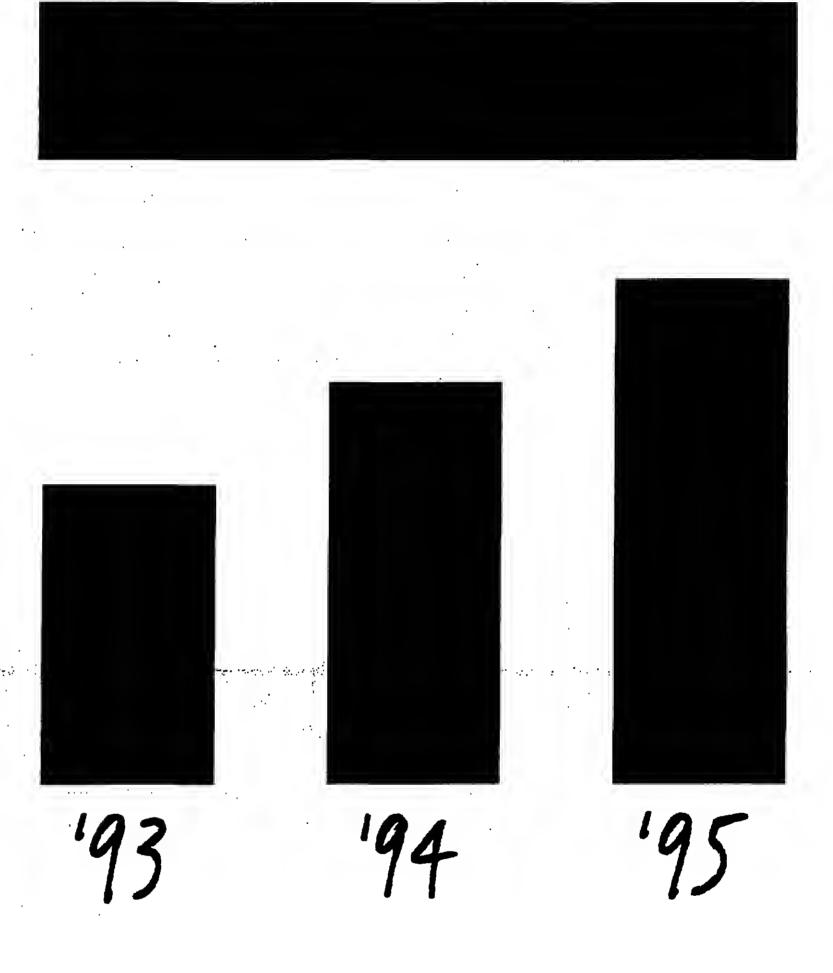


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FINANCIAL TIMES FRIDAY APRIL 26 1996

So who insures the insurers?



Will this mean a change of logo?

On 25 April, our letter to shareholders presented the preliminary results for the previous business year.

They are quite a turnup for the book. But since we made the strategic scission and concentrated on our core business, a lot has changed at Swiss Re.

On the inside: our mindset is different; there are new people, a new organization; and we've brought in a single class of share.

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The results of this strategy almost read like a poem (in Swiss francs and percentage points):

1993 – 1994 – 1995.

549 709 1,088 11 41.- 50.- 74.- 21 7.4 8.7 12.7 31 10.50 15.- 22.50 41

(1) ordinary result after tax in millions; 2) per share; 3) % Return on Equity; 4) dividend – if the shareholders' meeting approves)

If you'd rather have this quatrain in prose, we'd be pleased to send you the letter to our shareholders (even if you aren't one yet): fax + 41 1 285 40 98 in Zurich.

Swiss Re

П

Israeli Labour party drops Golan demand

and David Gardner in Beirut

Israel yesterday made ao important political gesture to secure a ceasefire on the Israeli-Lebanese border remained mired in what US secretary of state Warren Christopher called "important differences" between Israel and

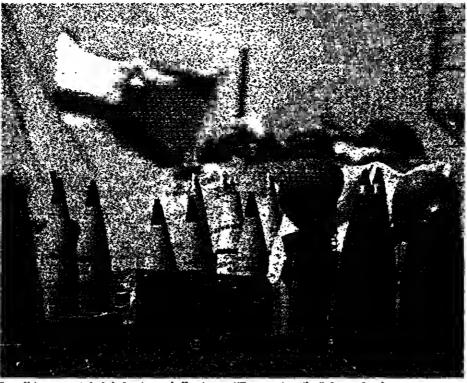
Syria and Lebanon. The ruling Israeli Labour party of Mr Shimon Peres, the prime minister, yesterday dropped from its election manifesto a clause which stated that retaining the Golen Heights - captured from Syria in the 1967 Arab-Israeli war was an absolute strategic need for the Jewish state.

Syria, which as the military overlord in Lebanoo is the focus of Mr Christopher's six days of sbnttle diplomacy between Jeruselem and Damascus, has insisted that Israel state it willingness to withdraw from the Golan as e

Revising Labour's platform for the May 29 election falls short of that demand. But the gesture is unmistakeable, and could open the way to new Israeli peace talks with Syria. and with Lebanon over the "security zone" Israel occupies in south Lebanon, the root cause of the current fighting.

There were fears of an esca-lation in that fighting yesterday as Israel continued heavy bombardments and shelling of south Lebanon, and its warships continued to pound the coastal highway linking the south to the capital Beirut. Hizboliah, the pro-franian milltia which Damascus has used as a proxy in its struggle to get the peace terms it wants from Israel, kept up its salvoes of Katyusha rockets into northern Israel.

Sbeikh Naim Qassem, a senior Hizbollah leader, said US ceasefire plans - which attempt not only to end the firing on civilians but to shackle the Shia Moslem guer-rillas' ebility to attack Israeli



Israeli troops rest their helmets on shells et an artillery post on the Lebanon border

"security zooe" - are "com-pletely rejected by us". "We haveo't beard of any American plan; it is an Israeli plan," the Hizbollah leader said. "They want to end the resistance in south Lebanon so that the Israelis can be in a

comfortable position. As Mr Christopber left Jerusalem for a new round of talks yesterday evening with Syrian

forces inside the occupied Presideot Hafez al-Assad in Damascos, Mr Peres under-lined that "the remaining issues are very serious." Mr Peres desperately needs to be eble to show Israeli electors next month that the internationally criticised onslaught on south Lebanon will curb Hiz-

> along with Iran, Hizbollah's ideological mentor, back

fire arrangements simply tighten up 1993 undertakings arranged by the US proscribing the targeting of civilians, and at the same time raise the issue of the Israeli occupation.

"On the issue of firing at civilians on both sides of the border, we're in agreement,' think in a day or two

Unctad strives to prove " its doubters wrong

The United Nations Conference on Trade and Development, which only a year ago seemed destined for oblivion, opens its ninth quadrennial ministerial conference in South Africa tomorrow on a note of opti-

The official theme of the conference, which runs until May 11, is how to promote growth and development in e globalising and liberalising world aconomy, with emphasis on the "excluded 2bn" of the world's population at risk of being left behind. Some 3,000 ministers and officials from Unctad's 188 members are expected to attend.

But for Mr Rubens Ricupero, Unctad's naw secretary-general, the conference has another crucial function. He has dubbed it a "Renaissance conference", in expectation that it will endorse his strategy for reform designed to dispe criticism from western countries that the organisation is e costly irrelevance.

In e flurry of proposals last year for reform of the UN to coincide with its 50th anniversary. Unctad - created in 1964 as the main UN forum for

gled out as a candidate for abo-lition.

Critics said its work duplicated that of the new World Trade Organisation and other bodies, and e damning UN audit described it as overstaffed, top-heavy and poorly co-or-

Mr Ricupero, a respected former Brazilian finance minister and trade envoy, was brought in last September with a per-sonal mandate from Mr Boutros Boutros Ghali, UN secretary general, to give Unctad a

Since then he has moved to tighten the body's focus on trade and development. strengthen links with the private sector and increase emphasis on practical help for developing countries in areas of trade, investment, transport, debt and commodities

Last week Mr Ricupero announced a sweeping shake-up, reducing the number of divisions from nine to four with a corresponding cut in the number of senior staff. This is on top of cuts of about 10 per cent in its 420-strong staff which Unctad, along with other UN bodies, is making in

In his restructuring efforts,

Mr Ricupero has benefited from WTO governments refusal to give the world trade body sufficient resources for research and policy analysis or to allow non-governmental entities a role in their deliberations. That has allowed Unctad to sell itself as an essential complement to the WTO, providing the intellectual groundwork and consensus-building needed for WTO negotietions and the technical expertise required to help developing countries take advantage of

trading opportunities. The two organisations are aiready working on some joint programmes involving help for poorer nations, especially in Africa. Unctad has also carved out e niche for itself in technical assistance based on computerised information systems. specially designed for develop-

ing country needs. Reversing Unctad's previous suspicion of multinationals, Mr Ricupero is reaching out to the private sector. To underline this, two private sector events are being organised in parallel with the Unctad conference one on trade efficiency for South African business and the other for international companies interested in trade and

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Unita quartering areas

Unita drags its feet into peace camps

End to the Angola war is slow and unsure, writes Michela Wrong

Tof empty green tents et N'tuco, one of the new quartering sites in northern Appola meant to host rebel Unita fighters, a UN official acknowledged things were run-ning behind achedule. "But then, everything in Angola takes three times longer than it is meant to. Why should the peace process be any different?"

Seventeen months after government and Unita representatives met in Lusaka to sign an agreement intended to spell the definitive end to two decades of civil war, Angola's peace process inches forward

The quartering of Unita troops, regarded as a barometer of the guerrilla movement's good faith, was meant to be completed by May last year. So far, fewer than 23,000 guerrillas have come forward and only four of 16 planned quartering camps are fully operational.

Four new sites remain des-erted, a fact that prompted the government to announce this week thet it was suspending participation in regular meetings with Units until serious quartering began again. In public, UN officials talk of

starting to merge Units and government forces in June and setting up a government of national unity by July. Privately, they admit the time-table is unrealistic and promises that restless guerrillas will spend no more than five months in camp are likely to

months in camp are many to prove empty.

At the core of the delays is mutual distrust, diluting the momentum generated by a ground-breaking summit in Gabon last month where President and Santon. dent Jose Eduardo dos Santos and Unita leader Jonas Savimbi worked out details of tha merger of their two armies. Such suspicion is hardly surprising in a country whose first peace egreement was torpedoed in 1992 by Unita's refusal to accept Mr dos Santos's electoral victory. "The disappointment was so enormous last time, no one wants to be caught out again," said

one diplomat. While their representatives bicker over peace terms, both sides, diplomats say, are busy re-arming in case the process

collapses again. In the provincial town of Bailundo Mr Savimbi continues to ponder whether to accept the vice-presidency offered him by the government. As long as he

azing across the rows peace must remain in doubt.

To empty green tents Some analysts say he is "buyer's regret", suddenly aware that the time for talking is past and he must soon make the tricky move from a guerrilla leader who once cootrolled half the country to the head of a legitimate political opposition movement.

Others believe the prevarication is merely a game of brinkmanship, an attempt to elicit as many concessions as possi-ble while he is still in a position to make demands.

Either way, the approach has won Unita some impressive gaina: recently it was announced that 18 of the movement's 40 geoerals would be integrated into the merged army. The original offer was six. Unita is also to be given four ministries: commerce, health, tourism and - important in this mineral-rich country - mining.

Even more important, the two sides are quietly negotie-

The UN is feeling impatient over the \$1m a day it is spending on what is now its biggest operation

ting an arrangement thet would allow Units to retain its stake in the Lundas, whose diamonds have funded the movement since it returned to the bush. Under the deal, companies set up by Unita would be granted concessions to mine the area legally.

Progress may seem slow and painful to the UN, chaffing over the \$1m a day spent on what is now its biggest operation.

But the peace process, insiders believe is bound to continue because, . deprived of the backing of the US and the old white government of South Africa, Unita lost the war and now faces a bleak future as a marginalised guerrilla movement if it decides to pick up the gun again.

"The Lusaka agreement was not an armistice between two equal parties," says e diplomat, "It was a case of Unita cutting the best deal they could. The only way Unita can come to power in Angola now is via the political route. They know that better than anyone.

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and injustice."

Imran Khan

launches party

Pakistan's former cricket

and injustice he says are

said he would turn his

Tehreek-e-Insaaf (Justice

Movement) into a political

speculation that he would

following his increasingly

quality of governance in Pakistan. A critic of Prime

said he was launching the

Minister Benazir Bhutto, be

launch himself into politics

public dissatisfaction with the

party. There has been intense

rampant in the country. He

vesterday launched a political

party to fight the corruption

hero Imran Khan (left)

Tokyo releases currency reserves Yeltsin backs ties with China to aid neighbours

Japan yesterday agreed to make available some of its \$200bn (£133bn) foreign exchange reserves, the world's largest, to the monetary authorities of seven regional countries to belp them fight exchange rate instability.

Under the accord, foreshad-owed by Japanese finance ministry officials at a meeting with Asian-Pacific finance ministers last month, the Bank of Japan will lend foreign reserves to other central banks against collateral in the form of US Treasury honds

The repurchase or "repo arrangement", which took effect from yesterday, includes Australia, Hong Kong, Indon-esia, Malaysia, the Philippines,

Singapore and Thailand. The accord makes little difference to central banks' ability to influence exchange rates, beyond enabling countries faced with the risk of currency depreciation to co-operate

more smoothly with neigh-

This tightens the Bank of Jepan's links with other Asian central banks if they want to co-ordinate against a fall in the dollar. The announcement's effect would be stronger than if the BoJ were acting on its own," explained Mr Brian Pearce, chief economist at SBC Warburg Securities in Tokyo.

It marks the Japanese central bank's eagerness to increase its role in east Asia and offer itself to other central banks as a lender of last resort alongside the US Federal Reserve. In response, the dollar rose in Tokyo from Y105.5 to Y107, then eased slightly to

Yesterday's arrangement enlarges e "repo" pact made in November between Australia, Hong Kong, Indonesia, Malaysia and Thailand. That came in response to the speculative attacks on some of the region's dollar-linked currencies the

Manila politicians set stage for poll

By Edward Luce in Manila

Leading Philippine senators yesterday moved to unseat the main opposition leader in Congress in what appeared to be an early move with an eye to the 1998 presidential elections. With exactly two years before President Fidel Ramos,

68, formally relinquishes office, at least four leading politi-cians, including Mr Joseph Estrada, vice-president, have informally entered the race for the top post.

The presidential hopes of the opposition leader, Mr Edgardo Angara, appeared to narrow yesterday as leading members of the Laban (Liberal Democrat) party, formerly in partnership with the ruling party but in opposition since January, moved to replace him with a more electable candidate for

1998. "The campaign for 1998 is now seriously under way," said Mr Noel Reyes, the chief researcher at Anscor Securities in Manila. "This does not bode well for the passage of the reforms still awaiting enactment, including the new tax system which must be passed this year. Next year will be too

President Ramos has abandoned any plans to amend the constitution to allow him to run for a second six-year term or switch to a parliamentary system allowing him to become prime minister.

Instead, Mr Ramos - who, a majority of private-sector officials say, would be their main preference to continue beyond 1998 - is looking carefully at which potential successor to

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Moscow and Beijing resolve to form 'strategic partnership'

MAIN CHINA-RUSSIA AGREEMENTS

hment of that line' linking Chinese and Russian

Agreement on peaceful use of nuclear energy. Bussis and China are negotiating the construction of a \$4bn twin 1,000MW nuclear power station in north-east China.

Co-operation in the joint exploitation of energy resource

Co-ordination in respective space programmes

Accord on protecting intellectual property rights.

The two sides are exploring the possibility of developing vast natural gas deposits in eastern Siberie.

Co-operation in combetting organised crime.

Co-ordination in environmental protection along the two

Chan aims to defuse HK tension

China and Russia warned the west yesterday against seeking domination of a post-Cold War world and resolved to form a "strategic partnership" that would span security and economic ties into the 21st cen-

"Hegemonism, power politics and repeated imposition of pressures on other countries have continued to occur," said a joint communique signed by presidents Boris Yeltsin of Russia and Jiang Zemin of

The two sides agreed to measures aimed at strengthening security co-operation, including extending military co-ordination, but western officials in Beijing played down the possi-bility of a new Sino-Russian axis against the west.

"In the end both have a much greater interest in estab-lishing closer ties to the west rather than developing their own alliance which would not bring benefits in the form of capital and advanced technology," said a western official. But both sides used Mr Velstin's three-day visit to China

to restate their opposition to

western interference over such

issues as Taiwan and ethnic troubles in the former Soviet Union. Beijing expressed its support for Russian efforts to pacify Chechnya and in return cow backed Chinese policy on Taiwan and Tibet. In their reference to a "stra-

leaders for direct communications.

countries' 4,300km common fronti

China agreed to forge closer ties based on "equality, mutual confidence and mutual co-ordination towards the 21st century".
The two countries signed 14 agreements, including the joint

tegic partnership", Russia and

communiqué, which foreshadowed further extension of a relationship that has gradually warmed in the past decade. Other agreements covered

establishment of a hotline linking respective leaders, the peaceful use of nuclear power, co-operation in developing energy resources and co-ordinetion in the fight against organised crime.
The two countries also

agreed to discuss further troop reductions along their 4,300km common frontier, scene of armed clashes after relations chilled in the early 1960s in a hitter ideological schism. Mr Yelstin and Mr Jiang,

who toasted their communique with champagne, were effusive in the praise of closer ties. "I can't name a single question on which we would have different opinions," said Mr Yelstin.

spending on drug research by

20 per cent per year by 2010, Renter reports from Beijing. The plans are part of a blue-

"Sino-Russian friendly relations have entered a new age," said Mr Jiang.

But in spite of talk of closer collaboration, Sino-Russian economic relations continue to be sparse and prospects of a flourishing economic partnership are relatively limited. Two-way trade last year of \$5.5hm was only a fraction of China's trade with North America, Japan and Europe. Russian investment in China

is negligible and Russian equipment suppliers face difficulties in a highly competitive market. But Russia remains China's main foreign supplier of military equipment, and proposed joint development of energy deposits in the Russian Far East bolds possibilities of a significant upgrading of the economic partnership. China is to set up 10 large ecale pharmaceutical enter-prise groups and increase

print to make China's pharmacentical industry a world player, Mr Zheng Xiaoyu. director of the State Pharmaceutical Administration, told

Britain and Hong Kong's

governor, Mr Chris Patten,

have firmly condemned Chi-

na's plans to dissolve the exist-

ing Legco, which was elected

last year. Mr Patten yesterday

rejected claims he was soften-

ing his stance on the issue. He

Pakistan to victory in the 1992 World Cup, built a cancer hospital in Lahore. However a bomb blast on April 14, wrecked the out-patient department, killing six people. He claimed the blast was aimed at frightening him into giving up his social welfare aims. The bombers have not been found.

He went on to accuse government leaders of living in luxury while most Pakistanis suffered under the burden of rising prices and taxes. "We will fight for justice so the best talent surfaces and puts an end to nepotism and this sycophantic

movement because be found Pakistan "on the brink of

disaster. We are dissatisfied with politicians and the political

Today marks the beginning of the battle against corruption

ystem and are announcing this movement to bring a change.

For now, he said he planned to set up committees to advise on improvement in areas including justice and legal affairs, human rights, governance, health, education, economy, youth, employment, women's affairs and the environment.

Imran Khan, 43, who retired from cricket after leading

Cost of Japan nuclear plant rises

The cost of Japan's first private nuclear fuel reprocessing plant will reach Yl 880bn (\$17.7bn), more than double the initial estimate, Japan Nuclear Fuel Limited said yesterday. The initial estimate drawn up in 1988 was Y840bn. The new total included increased costs for personnel, interest, and direct construction costs, a company spokesman said. Costs surged because of inflation, plans for additional facilities and stricter earthquake-proofing standards, the spokesman

Thailand deficit leaps

Thailand's current account deficit in February jumped to nearly double the January figure, according to revised central bank figures published yesterday.

The deficit in February was Bt30.9bn (\$1,22bn), compared with Bt14.7bn in January. Ms Nitaya Pibulratanagit, the central bank's deputy

research head, said the combined deficit for the first two months of the year at B145.6bn was still significantly less than the B1104.5bn deficit for the last quarter of 1995.

She added that a slight decline in manufacturing growth and investment showed that the economy was moving away from last year's overheating. William Barnes, Bangkok

Government officials say

By John Ridding in Hong Kong Mrs Anson Chan, the head of

Hong Kong's civil service, will today bold talks in Beijing aimed at defusing contentious issues about the territory's handover to China next year. The visit comes amid increased strains between the

Hong Kong government and Beijing over the transition, fuelled by a clash on China's plans to dissolve the territory's elected legislature. Mrs Chan, who is due to meet Mr Lu Ping, the head of

the Hong Kong and Macao Affairs office and China's top official on Hong Kong affairs, said she would address several issues relating to the band-These will include the need to maintain morale in the

180,000 strong civil service and

co-operation between the Hong · as China's demand that the Kong government and the Preparatory Committee, the Beling body which is overseeing the handover.

Co-operation with the chief executive designate, who is due to be nominated during the autumn and who will be the top government official in Hong Kong after the handover, will also be on the agenda. Hong Kong's chief secretary

is also due to respond to a list of ten demands submitted by Beijing concerning the handover. She is expected to agree in principle to the demands, with the exception of the request that the Hong Kong government provida premises for the provisional legislature, the body which is doe to replace the existing Legislative

Council. However, some issues, such

Preparatory Committee get airtime on RTHK, the government-owned broadcaster, will require further assessment, RTHK and other Hong Kong media groups have reacted with concern to the demand. Mr Chau Tak-hay, government secretary for recreation and culture, yesterday stressed

of RTHK would not be compro-Despite scope for solutions on most of the issues included in Beijing's demands, the dispute over the provisional legislature remains a serious obstacle to a smooth transition. Beijing insists that the current body must be replaced since there was no agreement

that the editorial independence

between the two sides on its formation, despite 17 rounds of

said his position, and that of Britain, had "not changed by a single centimetre." Mrs Chan, who has also expressed her opposition to a provisional legislature, is strongly backed in Hong Kong

for a top position after the handover. Her stance on the legislature, which drew criticism from China, raised questions earlier this month about her ability to continue in senior office after July 1997. However, her trip to Beijing suggests China remains keen for her to play a prominent role in the administration.

India's election juggernaut starts rolling tomorrow

No party seems set for a mandate to rule, writes Mark Nicholson

ith the first of seven polling days to decide the make-up of its parliament, an electorate of 590m, more than 500 constituencies, and 800,000 voting stations supervised by 5m civil servants and 1.5m police, India's general election starts tomorrow. It is, says Mr Pran Chopra of the Centre for Policy Studies, "probably the largest single act of human organisa-

Results will emerge only after May 8 when the biggest states have voted and counting begins. Only then, analysts believe, will the decisive poli-tics of this election also commence: the politics of coalitionbuilding.

This campaign has been sub-dued, throwing np neither dominant national issues nor strong political "waves"; candidates say voters seem preoccu-pled with local matters such as power and water supplies, jobs or food prices.

Opinion polls may be an uncertain guide to the final judgment of so vast an electorate, but they suggest voters will not deliver any single

party a governing mandate. India's next government looks likely to be stitched together after the vote by political leaders, rather than determined at the polls. "No one party will have a major advantage over any other," says Mr VP Singh, former Janata Dal prime minister who led India's last, short-lived coalition government until 1991. "All sorts of bargaining and lobbying will

go on in May." Pre-election polls all show no one party or grouping is likely to muster the 272 seats needed to govern alone. Some treods look clear, notably the erosion of support for Congress, India's governing party for all but a lew post independence years. Polls suggest its 36.5 per cent of the vote in 1991 could sbp to 32-30 per cent, an historic low which might return just 135-170 Congress MPs. It closed the last parliament with 259.

Congress may also cease to be India's biggest party; recent surveys indicate its mantle could be assumed by the rightwing, Hindu nationalist Bharatiye Janata party (BJP). A Times of India poll of 26,700 voters yesterday suggested the BJP could win 180-190 seats India's 590 million voters go to the polls

The Cougress Party led India to independence in 1947 and has governed for all but four years since. Its leader is full Py indially seen as an interior leader following the assessmatten of Rejiv Sendin during the last election demostra. Or constitution to near the facult of

On coming to power, he faced a foreign currency crisis and began wide-ranging economic reforms. which revived growth and are the greatest legacy. But Internal feuting and scandals, nost receitly inde's political latibes affair, have weakened the care.





The Sharative Janeta Party (BJP) is the right wing Hindu nationalist party that surged to prominence in the late 1990s. The party is led by Mr AB Vaipayee, who campaigns on a pastorm of "cultural and coornoine nationalism". A weldisciplined organisation drawing atrong support from populous northern inclin, chiefly among higher-caste urban Hindus, if remocess a tougher foreign policy and installing a proposes a tougher foreign policy and installing a fundamm civit code", which would end derogations motion family law permitted to Mediatinas. A broach, mercantile and free-market party; it says it welcom nent but would "priorities" It to protect



embrace a host of essentially regional ones, from Anchra Praceen, Tamil Nacu: Maharashm led to win souts. In some ATE BISO CONF

The parliament Outgoing Lok Sabha: 545 seats

with its Hindu nationalist ally

the Maharashtra-based Shiv

Sena, more than 60 up on 1991. India's so-called "third

force", a loose alliance of the "eocial justice" Janata Dal

party, India's two communist

parties and some fellow-travel-

lers, looks set to win perhaps

130-140 seats. Low-caste and

regional parties, along with

disaffected ex-Congress fac-

tions, seem poised to double their 1991 tallies to return an

How these parties will align

come May is a matter of con-

siderable conjecture. But it

seems clear much rests on

exactly how many seats Con-

Should the BJP emerge as

the higgest party, India's presi-

dent is likely to invite its

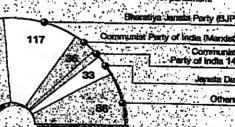
leader, Mr A B Vajpayee, to try

to form a government, which some argue will confer on the

party an advantage. "It will be

gress and the BJP win.

overall 60-70 MPs.



lika winning the toss in cricket," says Mr Kumar Ket-kar, editor of the Maharashtra Times, who argues this advantage may solicit immediate support from some regional parties. "Out of insecurity, they might wish to join the

batting side," he says. Mr Vajpayee said yesterday that if the BJP fell short of a majority, "we have already had indications from some regional parties that they would extend their support".

Tha support of small gional groups alone would still be unlikely to secure a governing BJP majority. The party's assertive Hindu nationalism is widely seen as making it politically "untouchable" for secular leftist, low-caste and "social justice" parties.

Even with a reduced tally of seats, many commentators still believe Mr PV Narasimha Rao's Congress party would be the likeliest anchor for a governing coalition. The view is based partly on Mr Rao's pragmatic and chameleon politics and proven acuity as a political dealmaker. "Rao's strategy would be to try to stop the BJP from governing by appealing to the secular parties; presenting himself as the only available option," says Mr Singh. Should Congress fail bedly Mr Rao would not only have less authority to lead a coali-

tion, he might be pressed to quit as Congress les Come the May machinations, India's smaller parties could thus have disproportionate

infinence over the country'a next government. Commentators think that any resulting coalition could prove brittle, prone to political and personality conflicts between the leaders of its component parties and, quite possibly, short-lived. Editorial Comment, Page 15

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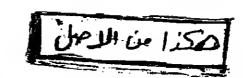


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WORLD TRADE NEWS DIGEST

Japan vehicle exports shrink

Japan's vehicle exports last fiscal year shrank to their lowest level in 20 years, as the strong yen forced Japanese makers to move more output overseas. Japan's vehicle exports in fiscal year ending March 1996 fell 16.7 per cent from the previous year to 3.62m, the fourth straight year of decline, the Japan Automobile Manufacturers Association said yesterday.

The 1995/96 export figure was just under the 3.82m vehicles exported in 1976/77, but above the 2.99m in 1975/76. "The fall in 1995/96 was bigger than expected. The strong yen in and after April last year forced Japanese makers to reduce exports, particularly to the US," Jama said.

Japan's carmakers plan more output at their overseas units this year. Toyota'e overseas vehicle production in calendar 1996 will rise 9 per cent from a year earlier to 1.37m; Honda's will rise 13 per cent to 996,000 this year, Mazda, one third owned by Ford of the US, said overseas output would rise 1.2 per cent to 170,000 vehicles this year.

Asia optimistic over Hong Kong

Optimism about Hong Kong'e economic prospects after the handover to China next year is revealed in a survey of exporters in other parts of the Asia-Pacific region. Over half believe economic conditions in the territory will improve or remain unchanged. Confidence was strong among exporters in Indonesia, Malaysia, Singapore and Vietnam.

Most exporters were bullish about their own business

prospects. Only in Singapore did fewer than half the respondents expect their overseas sales in the next year to be excellent. Most exporters expected their strongest growth to be in the Association of South-East Asian Nations. The only exception was Thailand, where markets in the US and Europe

were considered much more promising.

The survey, by Gallup for DHL Worldwide Express, found exporters in India, Indonesia and Vietnam foresaw strong growth in Europe this year. China, India and Vietnam were rated the hardest markets to penetrate; Singapore was considered easiest. Most expected the role and importance of US business in Asia to grow. Guy de Jonquières, Singapore

India-Thailand aircraft pact

Indonesia and Thailand have signed an accord under which Thailand will buy two Indonesian-built CN-235 aircraft worth \$34m in exchange for Indonesia buying 110,000 tonnes of rice. Thailand has already bought five NC-212 aircraft, which are assembled at the Industri Pesawat Terbang Nusantara factory in central Java under licence from Spain's Casa. Mr Jusuf Habibie, Indonesia's technology minister, has been seeking markets for IPTN's aircraft, particularly the showcase N-250, a wholly Indonesian 70-seater. Last year, Mr Habibie warned IPTN faced losses because the finance ministry had not made export credits available.

Manuela Saragoso, Jakon

Pulp plant planned for France

Kvaerner, the Norwegian engineering and shipbuilding group, and Philipp Holzmann of Germany, are joining forces to build a \$145m plant to make fully bleached pulp from recycled paper at Chateau Thierry, France.

The factory is to be operated by La Compagnie Greenfield of France, Kvaerner will supply process plant worth \$30m; Philip Holzmann, with Nord-France, its French subsidiary, will carry out construction. Cegelec Aeg of Germany will supply electronic control equipment. The plant is due to start up by March 1998. Andrew Taylor, Construction Correspondent

Claire Broughton 0171 873 3234 Fax 0171 873 3064

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Pepsi's \$550m drive to 'turn Russia blue'

Pepsi-Cola is spearheading a \$550m investment drive to turn Russia "blue", at a time when many of its pro-communist voters appear to be rediscovering a taste for

The US soft drinks company, which has just launched a radical global promotion and has recoloured its cans blue, yesterday brought all its marketing hooplah to Moscow after earlier stops in the UK

Russia is one of the few markets where Pepsi has enjoyed an edge over arch rival Coca-Cola ever since 1969 when Nikita Khrusbchev, the then Soviet premier, was photographed drinking Pepsi at an American trade exhibition in Moscow.

In an attempt to consolidate its position, Pepsi-Cola announced it would invest \$170m in four plants and Among other marketing related infraetructure in gimmicks, Pepsi's Moscow

Bottlers, one of Peosl's biggest US producers, will invest \$80m in one plant to serve the western regions of the former Soviet Union.

A joint venture between Pepsi (25 per cent) and Leucadia, a New York-based investment company. (75 per cent) will invest a further \$300m in six plants in the eastern Russian market. Pepsi-Cola claimed this investment, to be completed over the next five years, would rank among the biggest foreign direct investments in Russia, reinforcing its leadership of the cola market.

Coca-Cola is already committed to investing similar sums in Russia and has been rapidly gaining market share. Both companies are now estimated to have a 15 per cent share of the soft drinks market, estimated at \$1bn last

central Russia while General launch included a live link-up to the orbiting Mir space station where two cosmonauts endorsed Pepsi cola. "We have 100 per cent of the astronaut market," said Mr David Jones president of Pepsi's central and eastern European division.
Some rivals questioned the

wisdom of such a high-profile launch less than two months befora the presidential elections in which a highly-nationalist Communist party is expected to do well Mr Gennady Zyuganov, the Communist party leader and

presidential candidate, has constantly railed egainst foreign companies' insensitive advertising campaigns which make Russians feel strangers in their own homes. Last year, Coca-Cola caused

a storm of protest after opening a factory in St Petersburg and hanging red corporate flags in Uprising Square, a sacred site for many of the city's die-hard communists.



Out in the deep blue yonder. Russian cosmonants are drafted into Pepsi's promotion

"minimal" by trading partners, but trade diplomats said it did at least provide a basis for negotiation in coming days.

deputy US trade representa-tive, said in Singapore yester-gaining between the 50-plus day that much work remained to be done by all countries to achieve agreement in the talks. There is a lot to be done. We have been through these kinds of situations before, and there's no question that we've got tough negotiators for all the countries involved," be said. Mr Lang said the current EU offer needed to be

missioner, for WTO ministers

to commit themselves this year

to preparing for the start of a

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countries involved in the talks is expected to continue through the weekend and into Monday as the US and other western nations try to squeeze the maximum possible concessions from each other and developing nations ahead of the deadline. Negotiators have said the deadline is unlikely to be extended.

The EU has reinforced the

ing a meeting of trade ministers in Geneva on Monday afternoon to decide whether to relax remaining foreign ownership restrictions in France, Belgium. Spain and Portugal. However, EU negotiators

have already given trading partners private indications that some improvement can be expected and, meeting in Bologna yesterday, EU telecommu-nications ministers agreed to show "a certain flexibility" in

Colombia and Ivory Coast also put in offers yesterday, bringing the total to 33 (the 15-nation European Union counting as one) covering over nine-tenths of global telecom revenues of over \$500bn a year.

Though yesterday was offi-cially the last day for offers, trade diplomats said Iceland and Cyprus were expected to table proposals shead of a stocktaking meeting today of the WTO's telecoms negotia-

integrated steel plant to the German group Mannesmann The president of Thai Special The president of that Special
Steel Industry Mr Anurat
Kongtoranin yesterday said:
"We were squeezed by the
price – and Mannesmann
jumped in." He said Davy
International, a Trafalgar House subsidiary, offered a price of \$650m in the initial documents, but this was raised to \$720m just before the preliminary agreement was signed. and raised again to \$800m a

Trafalgar

Thai steel

Trafalgar House, the UK

construction and steel group.

tract to build Thailand's first

loses big

contract

month later. "I wouldn't blame Davy International - they fought very hard. They created good competition which got us a very good price," Mr Anurat

Mannesmann, which had been pursuing the contract months before Davy approached TSSI late last year, offered a hot metal capacity of these 3 4m towner compared. at least 3.4m tonnes compared with Davy's capacity of 2.7m

Mr Anurat said the UK company appeared to have difficulty sticking to its early estimates because subcontractors would not lower their prices

"Basically Mannesmann could take care of everything from the blast furnace to the steel mill," he said.

"Davy could supply the blast furnace but had to go elsewhere for the steel making equipment."

The project, with a total cost of \$1.1bn, will begin operations

in 1988. Thai Petrochemical Industry - TSSI's parent - is shaping up to become one of the most for midable chemical and petrochemical companies in the

The toughness of the Leo-

India puts in offer to telecom talks

India yesterday presented an offer to the World Trade Organisation talks on liberalising world telecommunications markets, in a move seen as reinforcing momentum for a deal by Tuesday's deadline.
India's offer was described as

By Guy de Jonquières,

Business Editor, in Singapore

The US yesterday poured cold

water on the idea that the

World Trade . Organisation should consider launching a

new round of comprehensive

trade negotiations, and said

the group should focus mainly

The US statement, delivered

by Mr Jeffrey Lang, US deputy

intended to rebut a call by Sir

BUSINESSES FOR SALE

on work already in progress.

improved, citing limits on mar-ketaccess and access to invest-

US cool on idea for new world trade round

new round of trade talks before the end of the century. Sir Leon argues that such a commitment would give the WTO a "clear strategic vision". However, Mr Lang told a conference in Singapore: "A new round, even if initiated today, could postpone rather than accelerate market opening. There is more than

Leon Brittan. EU trade com- enough work to be done right now in ensuring completion of the Uruguay Round negotiating and implementing agenda and ensuring the regime is

He said it would be a mistake to ignore the in-built agenda in favour of some process of laying the groundwork for another big round or, as some have suggested, to argue for a broad vision of the future. The world needed such a vision, but it was best provided

or by regional trade groupings. "The WTO has e culture which is fundamentally different from other international organisations. Its method of decision-making is consensual,

by such institutions as the

Organisation for Economic

Co-operation and Development,

and its subject matter is practical and concrete, not visionary. The WTO is about the bottom line." Mr Lang said.

He said the WTO's biennial ministerial meetings, the first

of which will be beld in Singalike a board of company directors, reviewing progress and setting medium-term objectives for the future. He reiterated demands from

Washington that the next ministerial meeting deal with corporate bribery and trade and labour standards - issues which many other WTO members believe the organ-isation should not try to

Japan, Indonesia to meet over Jakarta's car policy

By Michiyo Nakamoto in Tokyo

Japan's trade authorities will meet their counterparts from Indonesia today and tomorrow to discuss Jakarta's car production policy.

The Indonesian government

has come under mounting crit-icism over its national car project, which its main trading partners say discriminates against foreign car makers. "Both sides will explain their

positions and exchange opinions," Mr Tomio Tsutusmi, vice-minister of Japan's Minis-try of International Trade and Industry, said yesterday. The Jepanese government

had earlier expressed its concern that the project did not conform to international trade rules. Japanese car makers, which dominate the south-east

American Express cancelling

their corporate credit cards.

because the companies' names

surfaced on the US Treasury's

"Specially Designated Nation-

als" list, a roster of companies

with which American compa-

nies have been prohibited from

The two companies have

been on the list since 1989,

according to the US Treasury.

American Express, which in

"many years of co-operation", said it had just been discovered

that the companies were on

the list, which was introduced

A bill similar to the latest

doing business.

esia, are worried the policy will affect their regional strategy. The bilateral talks follow a warning to the Indonesian gov ernment by Sir Leon Brittan, European Union trade commissioner, that the national car

project contravened World Trade Organisation accords. Sir Leon criticised the Indonesian policy as an *obje able" move which could "drive

away future investment". That danger was underlined yesterday when a senior Ford Motor executive in Bangkok said the company was review-ing plans to build a plant in esia due to the govern-

ment's latest policy. Ford said it was concerned its complete knock-down facility would be at a disadvantage to domestic cars. "If those policies stay, we'll have to modify our plans in Indonesia." Mr David Snyder, president of Ford's Thailand Regional Office, was quoted as saying. The Indonesian plan for a national car, announced late in February, calls for preferential tax treatment for vehicle makers meeting local content and other requirements.

Specifically, vehicle makers

that have 100 per cent local capital and meet local content rules would be exempt from import duties on components and from a luxury sales tax. The requirements are thought to breach the WTO's trade-related investment measures

The only company meeting the requirements is PT Timor Putra Nasional, controlled by President Subarto's youngest son, which has a technical tie np with Kia Motors of South Korea.

phairatana family which bolds the most senior executive positions in the group caused no

Critics of sanctions say the US For further information contact: The Joint Administrative Receiver. PROJECT Mark Hopton, KPMG Corporate Recovery, 2 Cornwall Street. Birmingham B3 2DL Telephone: 0121 232 3000. Fax: 0121 232 3500. DBFO Consortium is shooting itself in the foot opportunity employing 4P. Principals. Enquires to KPMG Corporate Recovery Carr Aonabrell Associates 01483 303831 Nancy Dunne and Afshin Molavi on 'emotional reactions'

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ADVERTISEMENT NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 17th April 1996 confirming the reducing of the caption of the above-named Company from £27,044,166.70 to £18,000,90 and the Missare 22/104, 190, 00 or 1 induction up the select to the capital of the Continuity with respect to the capital of the Continuity as altered the accept jumpulary required by the above-emistated Act was reported by the Registrar of Computes on 22nd April 1996. DATED this 28th day of April 1996

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NOTICE is bereing given in accordance with Section 175 of the Companier Act 1987 that at an Estronulusary General Meeting of the above natured company ("the Compuny") convened and held on the 25th April 1996 a Special Resolution was passed approving on payment out of capital for the purpose of the relatingsion of 72,667. Preference Shares of £1 each. The amount of the permissible capital convent of the sthree in £18,000. capital payment for these stares in £218,000.
The unitary decisions and authors' report required by Section 173 of the Companion required by Section 112 or Act 1985 are available for inspection at the Contracts a registered office. Any creditor of the Company may within the period of 5 weeks ammediately following the 25th April 1996 apply to the Court under Section 176 of the Companies Act 1985 for an order

Dated 25th April 1996.

merican Exprese, the US credit card com-pany has fired a shot sanctions on companies doing business with the oil sectors of Libya and Iran, is expected to against companies which do pass into law soon. business in Cuba, even before

Such moves have angered international companies and congressionally-sponsored sanctions against them are US trading partners. And there implemented by the US governis more to come, prompting critics to say that the Republi-Two Dutch commodities cans who dominate the US Congress, instead of getting off the backs of business, as they trading companies, Cures Metal Processing and Niref, have received letters from promised voters, are getting increasingly entangled in the business of business, both at This, the letters said, was home and abroad.

Legislation is also moving through Congress which would prohibit new investment in Burma until the military junta transfer powers to a popularly elected government. And President Bill Clinton is considering the imposition of sanctions on Pakistan for allegedly acquiring nuclear technology from China and on China-for provid-

the letter thanked them for "In this Congress there is a certain scepticism about the efficacy of government power generally," said Mr Ted Carpenter of the conservative Cato Institute. Although most ana-Cuba legislation, imposing lysts long ago concluded that

fective, the proliferation of sanctions was "an emotional reaction" to ebuses committed by repressive governments:
"This is unfortunately a policy that re-occurs whenever

unilateral sanctions were inef-

there is a highly publicised incident of repression in the world, as in Cuba's shooting down of unarmed aircraft and Iran'a continued support of terrorists." Mr Carpenter said. In addition to hurting US allies, a series of trade sanctions on foreign countries have

rebounded on US business. A recent ban on US Export-import Bank financing of sales to Colombia because of that country's poor drug enforcement record could cost US business np to \$600m in lost sales, which Eximbank had been expected to approve. US business leaders are par-

ticularly concerned about congressional pressure for imposition of new trade sanctions on China as a result of Beijing'a sale of nuclear technology to Pakistan and Iran and its failure to abide by a bilateral pact on intellectual property rights. Indeed, former US President George Bush urged Senate Majority leader Mr Bob Dole last week to restrain his Republican colleagues from their perceived intentions to move against China

Sanctions have already been imposed on China. These include the euspension of weapons' sales, denial of licences for dual use technology; and a ban on financing from the US Trade and Development Agency, an aid agency that helps business, and from the Overseas Private Investment Corporation, which provides insurance for US foreign investors.

"Sanctions are the bane of exporters existence," says Mr Howard Lewis of the National Association of Manufacturers. "Congress is tossing trade and US jobs out the window for sanctions that tarely achieve their aims.

"Every 10 years or so, we in the US go through this sanctions phase," Mr Lewis said, "and shortly after this phase, we realise what a disaster we've caused. Every 10 years we have to re-learn the same

المكذا من الأصل

government's finances were thrown into confusion last night after a surprise Court of Appeal ruling appeared to pave the way for retailers to reclaim billions of pounds of valua added tax wrongly paid on interest-free

The judgment threatened fresh embarrassment for tha Treasury. Unless overruled by a higher court, it will knock another hole in the govern-ment's finances and reduce the chancelior's ability to deliver pre-election tax cuts in this

autumn's Budget. However, Whitehall officials played down suggestions by some VAT experts that the bill could reach £5bn (\$7.55bn) saying such estimates were wildly exaggerated". Customs and Excise said it would "vigorously contest" the judgm in the House of Lords. The Treasury said it would probahly announce how much money was involved shortly. The judgment, by a two to

lier court rulings upbolding Customs and Excise rules that retailers should account for VAT on the full price paid for goods by customers. It backed claims that VAT should only be paid on the amount retailers actually received from finance houses underwriting interest-

In effect, that means the undisclosed coet of interest-free credit deals should be exempt from VAT.

The casa was brought by Primback, a subsidiary of Kingsway Furniture Group which will now be repaid £2.75m in VAT. If opheld in higher courts, many other retailers would be able to reclaim VAT paid on interest free credit deals dating back to 1973 when the tax was introduced. Customs said it would not pay any further refunds in the Lords, which may not be

for a year. Mr Peter Jenkins, VAT part-ner at accountancy firm, Ernst & Young, said: This is a mas-

one majority, overturned ear- sive loss for Customs." He pointed out that the ruling had been based on European law an appeal to the House of

> Mr Ian Barlow, head of tax at KPMG, said the ruling could have wider implications "in situations where a supplier or retailer receives less for his goods that the face value".

> Retailers hailed the ruling a a "just" victory, saying it could lead to lower prices for goods covered by interest free deals. Mr Allan Sayers, chief executive of the British Shops and Stores Association which represents 3,000 retailers, said: "From our members' point of view, this is very good news...Retailers have long felt it was an unwarranted decision by Customs and Excise which did not reflect the facts of the

> Interest-free credit had become an important promotion tool over recent years for retailers selling hig-ticket items such as furniture, kitchens and electrical goods.

Transport review gives priority to public networks

nsport Corresponder

The car will no longer dominate transport planning in the UK, the government said in a consultation paper published yesterday. In future greater priority will be given to public transport and to other environ-mentally friendly means of moving around such as cycling and walking.

The consultation paper, the first to review transport policy for 20 years, makes no commitments to increase spending oo public transport but it outlines a range of measures intended to shift the balance away from the car and the lorry.

However, the government's failure to propose more far-reaching solutions to the problems of traffic growth earned it criticism from business groups, motoring organiations, environmentalists and the opposition parties alike.

The consultation paper is the culmination of an 18-month poblic debate of transport government's response to the 1994 report by the royal com-mission on environmental pollution. It does not support the call for transport targets or for

restraints on car use. The paper's conclusions confirm a shift in government thinking which first became apparent wheo roads spending was slashed in last November's Budget. The Department of

£12bn (\$18.1hn) roadhuilding programme over the next 12 rs and axed 77 individual

Specific measures proposed

 Considering public transport alternatives and the scope for better traffic management on existing roads in preference to road widening or new roads building. Local interests would be involved at an earlier stage in the decision-making process · Giving local authorities the leading role in devising integrated traffic plans for their areas. The government is willing to consider legislation to allow local authorities to introduce experimental schemes to charge motorists for using local roads, either through electronic tolls or by issuing permits. It is also prepared to discuss ideas for levying a tax on car parking spaces at busi-

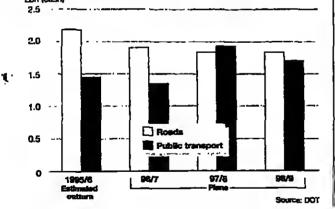
 Promoting increased bus use. Local authorities will be encouraged to introduce bus priority measures.

 Reducing the volumes road freight by encouraging the use of rail and water-borns transport. The report gives no hint about how these measures are to be

financed though it does place emphasie on the private finance initiative and the privatisation of the railway nettional funds. Transport: The Way Forward

work as contributing addi-HMSO. £15.70

Transport cut ooe third off the Government expenditure on transport



Seven more rail franchises offered

Seven more passenger rail franchises, incloding those covering the entire Scottish oetwork and an 14km line on the Isle of Wight, were offered for sale yesterday by Mr Roger Salmon, the franchising direc-

This brings the total of fran chises sold or on offer to 20 oot of a total of 25 and means that 80 per cent of the rail network in terms of passenger revenues has been privatised

or is on the market. The government was forced to abandon its original target of selling off more than balf of the network by the end of this month but now appears set to complete most of the sales hefore the next general election, in May 1997, at the

The franchises put on sale esterday were CrossCountry, Great Eastern, Merseyrail, Thameslink, West Anglia Great Northern, ScotRail and Island Line. Prospective bid-

ister an interest. Blds are expected from many of the management teams and from some of the companies which have previous franchises including the hus groups h and FirstBus, the National Express coach opera tor, Sea Containers and CGEA. the French transport company

But, while the franchising

programme is speeding up, a challenge from the Save our Railways groop, which is opposed to privatisation, is due to come before the High Court today. Save our Rail-ways is seeking leave for a judicial review of the franchising director's refusal to allow British Rail to compete for

Mr Salmon said he would not allow BR to hid for early franchises because it could cross-subsidise lines and put in unfairly low offers. It would also deter BR managers from attempting huy-outs. But Save our Railways said that if BR had been allowed to bid for the first six franchises It woold have won four and reduced the subsidy required £20m.(\$30.2m)

PowerGen may pull out of power stations sale

PowerGen may pull out of its £450m (\$680m) deal to sell two power stations to Eastern Electricity in the wake of the gov-ernment's decision on Wednesday to block the generator's takeover of a regional electric-

However, National Power, which also saw its attempt to boy a rec thwarted by Mr Ian Lang, the trade and industry secretary, said its separate £1.7bn deal to seli power staations to Eastern was still on. Both National Power and PowerGen had been obliged to seli some of their generating capacity by Professor Stephen Littlechild, the industry regulator. He had warned them that he might refer the genera tors' large share of the UK market to the Monopolies and Mergers Commission if the disBut yesterday PowerGen revealed that a clause in its contract with Eastern allowed it to withdraw from the sale if its own plans to buy Midlands Electricity, the regional supplier, were blocked.

Eastern said the deal had been a requirement of the regulator and would enhance competition in the industry. Mr John Devaney, executive chairman, said the company saw oo reason why the transaction should not go ahead as

However, analysts said they helieved PowerGen would prohably withdraw from the deal. They noted that the sale was going to cost shareholders money because it would have reduced profits in the first

The doubts over the Eastern deals arose yesterday as confusion cootinued in the electricity industry and the City over the government's competition

Mr Lang's decision on Wednesday to block the takeover of two recs, Southern Electricity and Midlands Electricity, hecause thay would harm competition shocked industry observers. He had been expected to approve the

Meanwhile, hints by the go ernmeot on Wednesday that it could exercise its "golden share" to block a bid by foreign companies for a UK generator were widely dismissed as an empty threat at Westminster.

The hints were aimed specifically at Southern Company the Atlanta-based utility which last week expressed an interest in acquiring National Power. In theory, the government can use its golden shares in a former nationalised company to prohibit anyone from holding more than 15 per cent, but it has rarely used the powers.

SIEMENS

Information for Siemens shareholders

Success in growth markets

In the first six months of fiscal 1996, expansive business in international markets more than compensated for weaker trends in Germany. Growth targets for the full year were confirmed. Orders rose 5%, sales climbed 6%, and net income was up 15%.

Orders

In the six-month period, Siemens posted new orders of DM48.6 billion worldwide, compared with DM46.1 billion last year. The 8% increase in international orders to DM29.8 (1995: DM27.5) billion was largely attributable to expansive development in Asia-Pecific's electrical markets and stronger business in North and South America. Whereas only light growth was achieved in Western Europa, orders soared more than 25% in Asia-Pacific and nearly 15% in the Americas. The order level in Eastern Europe and the C.I.S. was also well above average. In Germany, however, orders edged up only 1% to DM18.8 (1995: DM18.6) billion, compared with last year's figure which was boosted by a number of major projects.

Sales

Worldwide sales rose 6% to DM42.3 (1995: DM40.0) billion. This growth was also primarily due to a 14% surge in international business to DM25.4 (1995: DM22.3) billion. Sales in Germany were DM16.9 (1995; DM17.7) billion, a 5% decline against last year's high level bolstered by major projects. Asia-Pacific and Eestern Europe/C.I.S. elso showed the most vigorous sales growth, up more than 20% and nearly 45%, respectively.

Business segments

The communications and components segments showed high, In part double-digit, growth in orders. The Public Communication Networks Group profited In particular from the accelarated digitization of Germany's talephone network. In the Private Communication Systems Group (PN), business In terminals and particularly mobile phones, as well as applications and networks, was especially dynamic. The components segment, particularly the Semiconductors Group (HL), was able to sustain business at a high level although growth flattened out somewhat. In contrast, the industry segment experienced slackened demand in the European capital goods industry compared with the previous year. The Power Generation Group (KWU) posted a healthy jump in international orders, bolstared by a number of large fossil-fuel power plant projects. Although both the Transportation Systems (VT) and Automotive Systems Groups showed double-digit growth in their international business, this increase could not quite offset the decline in VT's domestic volume. Siamens Nixdorf Informations systeme AG (SNI) showed steady growth in the international sector, and its PC business remained the unit's growth driver in the first six months. Cost-saving reforms in the public health sector led to a drop in domestic orders for the Medical Systems Group.

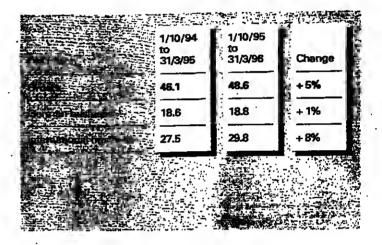
Employees

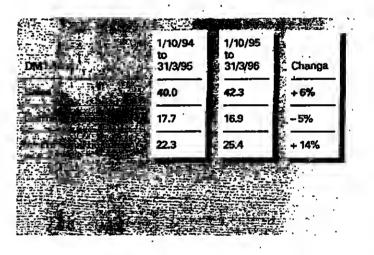
At 31 Merch 1996, Siemens had 381,000 employees worldwide, approximately 8,000 or 2% more than at the close of the last fiscal year. This increase was largely due to the first-time consolidation of new companies outside Germany, primarily in the Asia-Pacific region and Eastern Europe. The number of employees in Germany remained unchanged at 211,000. Whereas continuing structural edjustments in some operating units precipitated further downsizing, solid business trends in other groups, above all HL end PN, led to new jobs.

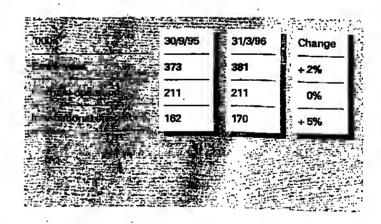
Capital spending and net income

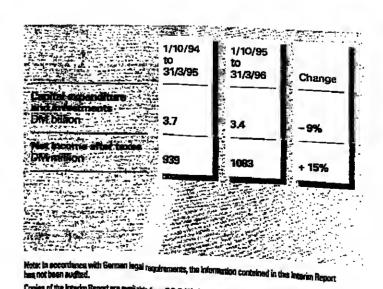
Capital apending in the first half year dipped slightly to DM3.4 (1995: DM3.7) billion as a result of reduced spending on acquisitions. Further expansion of production capacity in the samiconductors field boosted investment in property, plant and equipment.

Net income after taxes rose 15% to DM1.083 billion from DM939 million last year, helped in large part by declining restructuring costs and more favorable currency parities. As in the previous year, the Semiconductors Group posted the strongest earnings.









Siemens AG, Berlin and Munich

حكوا من الأصل



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Japan Airlines A BETTER APPROACH TO BUSINESS

British Energy doubts grow

By Patrick Harverson, In London

City estimates of the value of British Energy could be significantly overstated, according to projections for wholesale electricity prices in the Monopolies and Mergers Commission's report on the industry.

The nuclear power company is due to be floated on the stock market this summer. But analysts said that price forecasts in the commission's report made by the two generating companies National Power and PowerGen - which together set wholesale electricity prices - cast serious doubts over whether the government would be able to meet its target of raising about £2.6bn (\$3.92bn) from British Energy's

In the report, released on Tuesday by Mr Ian Lang, the UK trade and industry secretary, National Power and PowerGen predict that electric-ity "pool", or wholesale, prices will fall steadily over the next four years. National Power, the Exchange delays trading change

By George Graham, Banking Correspondent

The London Stock Exchange

agreed yesterday to delay issu-ing detailed plans for its pro-

posed alectronic trading sys-

tem by e few weeks to allow more time to clear the new sys-

Althoogh the plans will now

not be issued for consultation

until June, Exchange officials

insisted yesterday that the

over

tion laws.

Euro 96

DUTCH and German police

have told their British counter-

parts that they will not provide

lists of suspect troublemakers in the run up to Euro 96, the

soccer championships which

England will host in June,

because this would be in

breach of national data protec-

The move may undermine

UK efforts to ensure e trouble-

free championship in spite of

the progress that has been

UK police fears that violent

Dutch and German fans may

provide e focus of tension dur

ing the championship have

been fuelled by Wednesday

night's riot in Rotterdam dur-

ing a "friendly" international

between Holland and Ger-

many. It emerged last night

that the riot was seen by a team of UK police officers who had gone there as observers.

Intelligence reports within Europe suggest that in recent months there have been meetings involving axtreme-right

groups that might try infiltrate In spite of differences on detail, European police and

ministry of the interior officials meeting in London yester day agreed to provida UK

police with numerical informa-tion on travel and botel book-

ings so that clusters of fans

Tickat purchasers on the European mainland are also

being warned about the ban-

ned use in UK stadiums of

items popular on the Conti-

nent, including flares, fire-

works and large banners.
According to UK police estimates, about 300,000 non-UK

parts that they do not foresee

can be identified.

nade in a Europe-wide po

effort to prevent rioting.

tem's rules with regulators.

Prospects for raising \$3.92bn from the company's privatisation may have been over-optimistic

largest UK generator, forecasts that prices could fall from their present level of 2-4p per kilowatt hour to under 2p per kWh by 2000.

When Barclays de Zoete Wedd, the investment bank hired by the UK government to lead the flotation, placed a value of between £2.4bn and 22.8bn on British Energy earlier this year, it assumed that over the next four years pool prices would not fall below 2.4p One City analyst calculated

yesterday that every decline in pool prices of 0.1p would reduce British Energy's value by £250m, and even BZW has accepted that a fall in the pool price to 2p would wipe £750m off the company's value. In its report on British Energy's valustion, the bank described a fall in the pool price as "the

final trading framework would

still be ready by August, as

exchange after a first round of

consultation earlier this year that they would need at least

nine months after the comple-

tion of the plans to make their

That would mean the new

method would not be likely to

Member companies told the

originally planned

own preparations.

to assume pool prices would not fall in the next few years. They said prices were likely to come under pressure from competition within the industry and low gas prices. One analyst said: "These forecasts raise question marks about selling a new issue with a central case of no fall in pool prices when both National Power and PowerGen are forecasting a fall in prices by

Although industry experts pointed out that National Power's warning that pool prices could fall to under 2p per kWh by 2000 was its "low-case scenario", they accepted prices could fall below current levels. "2p is a credible low-case sce-

be ready in August this year.

In the new system, orders

will be entered on a central

electronic order book, and

antomatically executed when

buyers and sellers match. Cur

rently market-makers quote

prices on e central stock

exchange screen, but deals are

struck separately over the tele-

said an industry consultant. Mr Steve Thomas, senior fel-low at the Science Policy

Research Unit at the University of Sussex, agreed prices could fall as low as 2p per kWh, but said it was unlikely they would stay there for long. He also warned that it was in National Power's interest to make a pessimistic forecast of pool prices to convince the government that competition would affect its profitability.

However, he said investors had every right to be worried about the valuation of British Energy. "They have made bizarrely high estimates of how their nuclear plants are going to work and I can't see any tification for that."

A atockbroker's analyst agreed that the performance estimates looked too optimistic. "It's common sense that if you're selling something to assume some improvement in performance, but it's implausi-bla to sell something at the absolute maximum perfor-

cess would be perceived as a

concession to marketmakers,

who were originally opposed to

But the board agreed with a ten member steering commit-

tee, most of whose members

represent marketmakers, that

more time was needed for talks

with the Treasury, the Securi-

ties and Investments Board

order-driven trading.

UK NEWS DIGEST

BAe shareholder reforms modified

British Aerospace, the defence company, has agreed to alter several of its controversial proposals for reforming how share. holders vote at its annual meeting. Following pressure from Pirc, the corporate governance consultancy, the company has agreed to five separate alterations to its original proposals. BAe still wants shareholders to approve the scrapping of votes on a show of hands but has agreed to publish any substantial shareholder amendments to its resolutions ahead of the annual meeting. Shareholders will also be able to propose minor and technical amendments at the company's annual meeting. Earlier this week BAe disclosed that it had agreed to reinstate an annual vote for shareholders on its

annual report and accounts. The company has also agreed to consult with Pirc on the appropriateness of a large increase in directors' fees. It has also undertaken to reinstate a limit on directors' fees when

next revising its rules. British Aerospace has a history of turbulent annual meet ings which last year culminated in three people being forcibly ejected. One member of a group of arms trade protesters was dragged from the hall by security guards after he complained to Mr Bob Bauman, the chairman, that he was being subjected to racial abuse. The sharebolder who made the alleged remarks was politely moved to another part of the hall. The remarks was politely moved to another part of the hall. The Campaign Against the Arms Trade, which mustered 100 supporters at last year's meeting, is planning another protest on May 1.

NatWest fined for poor controls

National Westminster Bank, the UK clearing bank, has been fined £75,000 (\$113,000) by imro, the fund management industry regulator, for poor administration of its clients' personal

equity plans.
Imro announced yesterday that NatWest had failed to carry out adequate reconciliations and in so doing had broken three of its rules. NatWest accepted Imro's charges as part of the settlement of the disciplinary proceedings and agreed to pay additional costs of £45,000. According to Imro, NetWest failed to correct discrepancies between the positions clients bad ordered for their Peps and the shares the bank had bought on their behalf. NatWest said it was improving training and computer systems as a counter measure.

Recently the The Securities and Futures Authority expelled from its registers Mr Geoffrey Glazebrook, the former head of European equities marketmaking at NetWest Securities, for overvaluing trading positions in order to conceal losses.

Nicholas Denton, London

phone, after negotiation. Some exchange officials have been nervous that allowing e ties and land the Second the Second that allowing e and the Securities and Futures start np before May 1997, although Sequence 6, the elec-Weaker than expected growth data disappoints City

Consumer activity steadies accalerate in the months

By Graham Bowley, Economics Staff

Expectations that Britain is poised to enjoy strong consum-er-led growth this year received another boost yesterday after figures showed spending in town centres rose again last month although by less than the City of London analysts expected. The figures provided e

steadler picture of town centre activity than recent upbeat surveys suggested. But they still illustrated the widening gap between the consumer side of the economy, which appears to be gathering strength, and Britain's industrial sector, to be s Mr Kenneth Clarke, the

chancellor of the exchequer. has predicted that strong consumer spending growth will provide the core of wider economic growth this year. The Office for National Sta-

month a year earlier.

tistics said retail sales volumes grew by a seasonally adjusted 0.2 per cent between February and March and were 2.2 per onally adjusted; 1990=100

cent higher than the same

Sales in the three months to March - considered a better measure of the trend - were 2.1 per cent higher than the same period e year earlier, the biggest rise since February 1995. Mr Jonathan Loynes, UK economist et HSBC Markets, said: "This is further confirmation that consumers are returning to the high street, and we expect sales to

abead." The figures disappointed the City after recent consumer surveys suggested activity in town centres had been very buoyant last month. But the ONS

revised upwards its February sales figure which meant the growth between February and March appeared smaller, while the ONS also adjusted for the busy Easter period. Unadjusted data showed sales values in March were-7.1 per cent higher than the same

month e year earlier, the biggest rise for five years and in line with the survey evidence. Non-food retailers enjoyed the most robust growth in March, with sales of clothing, footwear and ho

rising strongly. Economists said the weaker than expected sales figures, along with the worsening plight of British manufacturing, meant the government might still have scope to cut interest rates again to stimu-late growth without risking

Eurosceptic actions attacked

Mr Kenneth Clarke, the chancellor of the exchequer, yesterday pilloried the financier Sir James Goldsmith and his supporters amid growing complaints from backbenchers in the governing Conservative party that more should be done to counter the threat posed by his referendum party.

Mr Clarke said some MPs were working to secure Britain's

outright withdrawal from the European Union while pretending merely to seek reforms of its institutions. Mr Clarke's remarks were seen et Westminster as an thinly veiled attack on Mr John Redwood, the former Welsh secretary and challenger to the Conservative leadership, who on Wednesday beld a high-profile meeting with Sir James.

Mr Clarke, who last month threatened to resign in an ettempt to stop the cabinet from backing a referendum on UK participation in a single currency, expressed indignation felt by the pro-European moderate wing of the party at the recent string of newspaper endorsements for Sir James. About 30 Eurosceptic backbenchers met the chief whip, Mr Alastah Goodlad, on Wednesday night to express their concern at the government's EU policy and handling of the beef crisis.

A former cabinet minister said the government faced the

choice between seeing a section of Tory voters transferring allegiance to the referendum party at the general election or opting for a broader referendum question - a move that pro-Europeans warn would tear the party apart.

John Kampfner, Chief Political Correspondent

Capital's taxi fares set to rise

Taxi fares in London are to rise by an above inflation 4.59 per cent on Saturday, Mr Steven Norris, the transport minister

announced last night The new tariff will incorporate a minimum charge of £1.40 (\$2.11) — including a hire charge of £1 — for the first 513 metres or 111 seconds, Mr Norris said in a Commons written reply. The charge for each additional passenger will be 40p. George Parker, Political Staff

Strike looms over immigration row

By Robert Taylor, Employment Editor

Britain's immigration officers who belong to the PTC civil service union have voted to strike for 24 hours followed by a series of selective five-day stoppages in protest at new shift patterns requiring them to start work at 5am, it was

This could lead to disruption at the country's ports and airports, although customs and excise staff are not involved in the dispute.

subjects plan to come to England for the biggest sports evant staged in the country since the 1966 World Cup. One of the largest groups of overseas visitors this summer decision would be taken on the is thought to be coming from Spain. However, Spanish police have told their UK counter-

It is possible the planned nationwide one-day strike will take place over the May holiday weekend (25-27 May) but a union official said last night a

Around half of the 900 immigration officers who are PTC members took part in the

secret ballot with 65 per cent backing the strike call. However, half the country's immigration officers do not belong to the PTC but to the Immigration Services Union and they are not covered by

the strike decision. The PTC's officers have been carrying on a work to rule -working to the minimum legal capacity - in protest at man-agement's imposition of a 5am shift start which occured on 10 March. "We regret the disrup-tion that will be caused and call on the Home Office to return to the negotiating table," said Mr Keith Wylle,

the union's chief negotia The Home Office said it boped the dispute would be resolved by negotiation but added immigration controls would be maintained as normal in the event of any industrial action.

CONTRACTS & TENDERS



ARGENTINE REPUBLIC MINISTRY OF TREASURY AND PUBLIC **WORKS AND SERVICES** AGREEMENT BETWEEN NATIONAL STATE AND PROVINCES OF ENTRE RIOS AND SANTA FE PUBLIC WORKS DEPARTMENT OF THE ARGENTINE REPUBLIC

> NATIONAL AND INTERNATIONAL PUBLIC BID PHYSICAL CONNECTION ROSARIO - VICTORIA

PRECLASSIFICATION OF COMPANIES

The Ministry of Treasury and Public Works and Services of the Argentine Republic invites ed parties to take part in the preclassification of Companies for the NATIO-NAL AND INTERNATIONAL BID for the Concession of: Project, Setting-up, Maintenance and Exploitation of the Physical Connection between the cities of ROSARIO (Prov. of Santa Fe) and VICTORIA (Prov. of Entre Rios). This connection relative to public roads, about 58 Km. long, includes a principal bridge with a minimun opening for navigation of 45 m height and 330 m width, with their corresponding access viaducts of 2,950 m over the principal course of the "Río Paraná" and a group of embankments and bridges within the area of islands that include the flood valley of the "Rio Paraná".

Preclassification process chronogram will be adjusted to the following dates:

1) Documents to be submitted for Preclassification: period including 22/4/96

2) Applicants' final listing: period including 8/8/96 and 29/8/96.

Preclassification process will be developed in the office corresponding to the "Banco de Información", situated at the Public Works Department of the Argentine Republic -Hipólito Yrigoven № 250, 11 floor, Office 1136- C.P. 1310 -Buenos Aires- Argentina, from 10,00 to 18.00 p.m.. Telephones (541) 349-7516/7513/7519.

NOTE: It is hereby established that preclassified companies only, will be able to take part in the remaining stages of this process.

> TERM OF CONCESSION: 30 YEARS CONCESSION: TOLL

Place to receive information and to obtain BID SPECIFICATIONS:

As of 15/4/96 up to 7/6/96, "Banco de Información", Public Works Department of the Argentine Republic, Hipólito Yrigoyen Nº 250, 11 th floor, Office 1136- C.P. 1310 -Buenos Aires - Argentine Republic.

Specifications Price: \$ 10,000 (ten thousand pesos)

any trouble from their fans. Independent schools raise fees as boarding declines

By John Authors

The number of boarders at UK independent schools fell for the sixth year running while fees rose by more than the rate of infletion, according to the Independent Schools Informa-

tion Service (Isis). Schools warmly welcomed the first increase for six years in the total number of pupils, which rose by 0.63 per cent when day pupils were included, saying this was a sign the recession was ending.

But the signs of serious pres-

sure on boarding continued.

fell by 3.5 per cent, following cuts in each of the last five years, and in spite of the num-ber of pupils from outside the UK in independent schools rising by 9.3 per cent to a new

Isis estimates that there are 20,000 students from ontside the UK et British boarding schools, out of a boarding population of 71,403, and many schools concentrate their marketing efforts on this sec-

They have also expanded from their traditional markets

Total numbers of boarders in the Far East, with a 24.9 per cent increase in recruits from mainland Europe. However, Hong Kong remained by far the single biggest export country, with 1,797 new pupils join-ing British schools, an increase of 10.9 per cent from last year.

School fees rose by 4.8 per cent, continuing the record of rising by more than the rate of retail price inflation every year for the past decade. Fees increased slightly more than last year, although these levels remain well below those of the 1980s, when double figure rises were the norm.

هكذا من الأصل

S · Faithful to Fidelio

David Murray reviews Graham Vick's new production for English National Opera

eethoven'a *Fidelio* len*ds* itself to various readings; nowadays mostly "political", in the sense of pinoing the composer's social-democratic sympathies (subversive enough in their time) to some current idealistic programme. One expected no less from Graham Vick, who has staged *Fidelio* anew for the English National Opera; but perhaps in spite of himself, he has done much better than that, and the music is hooourably treated. Sensible opera-lovers should book in haste.

Paul Brown's set consists of a huge stage. Everything takes place on and around it - and sometimes under it: for it rises at a tilt to disgorge the chorus of prisoners, and later to serve as the ceiling of Florestan's deep dungeon. The effect is forbiddingly stark. Vick contrives nevertheless to have the action played out as if the usnal naturalistic aettings were in place, and we never feel the lack of

The costumes are modernised only to the extent of the prison warders' uniforms. Vick disdains any fashionable suggestion that there is some horrid Fascist regime in place; in fact Florestan's persecutor Don Pizarro and his eventual saviour Don Pernando both wear old-fashioned business suits (the one in black, the other

As Leonora in her male disguise, Kathryn Harries cuts a memorably appealing figure, tall and slim with a boyish haircut that makes ber some-how resemble the FBI special agent of Twin Peaks. For stage purposes her masquerade looks decently credible, but we are allowed to appreciate her womanly reactions to events. Her warm, dusky voice suits the role excellectly, though she needs more of a cutting edge yet for some passages (and we lose more of her words than almost anybody else's).

Her benighted Florestan is Anthony Rolfe Johnson. The effort of raising his cultivated tenor to near-heroic status involves some coarsening of tone hard oot to regret, aince the pure Rolfe Johnson instrument is singularly beantiful to hear, but his straining conveys appropriate tor-ment and despair. Gwynne Howell sings a solid, pater-nal Rocco, as usual, and Mary Plazas

is entirely delightful, fresh-voiced and musical, as his daughter Marzelline. Her swain Jacquino is Philip Sheffleld, who presents that harassed youth in considerably greater depth than is the norm, and with a nice.

Peter Sidhom's villainous Pizarro is full of bluff menace, though his kind of beritone is not what the role needs. In quick music he blusters, where nothing less than a hard, laserfocus voice will really do. As Don Fernando, John Connell is impeccably

he conductor Richard Hickox is careful and judicious with the score, but unexciting. The orchestra should lend tremendous drama to the climactic dungeon-scene; here, it merely accompanies it. Later performances may rise better to Beethoven's challenge. The chorus makes a admirably lusty noise; and we were grateful not to have the third Leonora overture interpolated between dungeon-scene and finale, as used to be standard

All in all, this is already a distin-guished Fidelio, which means that it is emmently worth hearing, and I expect that It will develop nobly from performance to performance.

Production supported by the Wood-ward Charitable Trust; in repertory at the Coliseum until June 6.



Theatre/Alastair Macaulay

Cast into mysterious irony

it by bit, Wallace Shawn's strange new play The Designated Mourner assembles itself, mysteriously and tronically and disturbingly, in the mind as we follow its meandering course - even as its cast of three reduces to two, and then

After the play ends, it goes on taking shape in the mind and it would be difficult, writing in the bour after its premiere performance, to announce calmly what it is about

Much the most striking immediate impression is made by its dramatic style. The three characters of the first and longer part of the play, all sitting at one long table and facing us, address the audience, and/or the air in front of them, far more than they ever do one another. Each speaks of other people, but many minutes pass before we are sure that the other people about whom they are speaking are, on the whole, each other. The mood, from the first, is one of intense and sustained

HONV. In particular, Jack (Mike in this insecurity, late in the

Nichols) speaks of Howard (David de Keyser) and of Judy (Miranda Richardson), and he speaks of them in the past tense. Judy is Howard's daughter and Jack's lover; Howard is a writer and literary aesthete; but - even though Judy sometimes joins Jack in his remembrances, and even though he once or twice speaks as if he were in her memory - gradu-ally it is Jack's account of both

This is another irony, for we can hear thet Jack cannot fully appreciate Howard (in particular) or Judy; and at times he is so determined not to appreciate them that he apeaks of them (Howard in particular)

Howard and Jody that domi-

with repudiation. Jack's mind, which reveals itself ever more oddly to us, is at the centre of the play. It is a divided mind, compulsivaly disloyal, incapable of Howard's sheer mental authority. Jack, as he says himself, is clever enough to know that John Donne is enjoyable but not clever enough to enjoy him. To some extent, Judy can join him

play, she is troubled when she speaks of how a close friend of Haward's, Joan, spoilt her deep pleasure in one play and performance by disagreeing with it. But it is Jack's mind that directs this complex/simple

We listen to his stream of consciousness, almost all in reminiscence, and he becomes a voice as isolated and alienated as the protagonist of a Camus novel. By the time that he alone is left on stage, if not long before, we feel that he is in fact a solipsist, trapped in a self he does not comprehend or

predominates.

ut the play is by no means solely psychological, for the characters (all Americans) talk of their lives amid a time of violence, with thousands of people being shot. Culture itself is endangered, and, late on. Jack lights s paper to honour the passing of the last person to have read the no-longerimmortal John Donne.

Part of the pleasures in following The Designoted Mourner lies in the play's mystery; in the way that it very

49-88-21851920

CONCERT

Turandot: by Puccini. Conducted

by Christian Badea and performed

Soloists Include Gwyneth Jones,

and Martin Gantner; 7pm; Apr 28;

American Symphony Orchestra:

perform works by Roussel, Chausson and Debussy; 3pm; Apr

Carnegie Hell Tel: 1-212-247-7800

Baltimore Symphony Orchestra:

with conductor David Zinman and

piznists Leon Fleisher and Gary

Graffman perform works by Paine

Bolcom and Beethoven: 3pm; Apr

with conductor Leon Botstein

by the Bayerische Staatsoper.

Karl Helm, Angela-Maria Blasi

■ NEW YORK

Avery Fisher Hall Tel:

1-212-875-5030

surely shows itself to be a work of art whose suggestions do not all disclose themselves The playwright David Hare

play (nobody ever rises from sitting save to leave the stage) and the American director/producer Mike Nichols returns to the stage to play Jack. His is a superbly conceived and most onusual performance - perfectly judging the endless callowness and irony of the character, marred only in the final section by fleeting lowerings of the eyes that distract us with the thought that be is cueing himself with the help of notes hidden on the table from our view, but finally shadowing his voice with sudden and most spontaneous clouds of unshed

Miranda Richardson as Judy. David de Keyser as Howard. Bob Crowley's set: I have oeither time oor space left to praise them, but every inclina-

In National Theatre repertory at the Cottesloe Theatre, South Bank, London EC1

Theatre/Ian Shuttleworth

A futuristic Divine Right

ling is becoming something of an art in Itself. St. George's Day saw not only the transmission of the first part of ITVa family documentary Edward on Edward, but also the premi-ere of Peter Whelan's "whither the monarch?" play Divine Right, under the direction of his regular stage associate Bill Alexander in Birmingham. Speculative near-future dra-

nas are more customarily the fare of television than of theatre. And Whelan's twin plot play set in the year 2000 would sit well on the small screen. We alternately follow the fortunes of a cross-party Commons Republican pressure-group led by a hard-left female Labour democrat and a shrewd new-right Tory meritocrat (an unlikely couple who, as Whe-lan underlines several times, are bedfellows only in the figurative sense); and those of the Prince of Wales's eldest son who, before deciding whether to accept the right of aucces sion renounced by his father, goes AWOL in disguise to peer into the lives of ordinary folk. The Prince is unnamed, but the production's promotional image is the Eton photograph of Prince William.

Like Whelan's last theatre work, The School of Night, this is a play of ideas which some-times poke out like bones through the skin in a nasty fracture: the politicos and the prince get set-piece speeches, and the chief of the police riot squad pops out of cowhere to muse on the sociology of policing. A number of opercus are blatantly shoehorned into the dialogue, such as "The royal manner' is a kind of schizophrenia." At times it threatens to become a dramatised essay on the constitutional and metaphysical relationships between the Crown and the nation.

These points notwithstand ing, the play has its sights set on a wide audience. The exhanges between a Blairesque Labour premiere and a Portillonian oppositioo leader are written and staged with mordant observation for an audience now as familiar with such events as with any other tele vised comedy-drama. The central conceit, too, has the reas

suring lineage of Henry V and The Prince ond the Pauper although just how William Mannering's Prince learned to pass himself off in broad estuary English remains an eoigma. Alexander's stagiog and Kit Surrey's design are also rather flash: as the House convenes above the main stage, trucks roll on and off to set scenes everywhere from a TV studio to a derelict haulage container used as a skip by a pair of unsavoury oeo-skin-

Of the players, Ian Gelder and Mary Jo Randle as the maverick politicians spark as much as a Socratic dialogue allows, and Joe Melia turns in ao unshowy performance as their Anglo-Irish millionaire paymaster. Leo Ringer amuses himself and us as (by turns) a Paxman-like television rottweiler, a dreadlocked Wembley stadium under-manager and a Nigerian all-night storekeeper

The play is unexceptional and clunky in its attempts to claim both broad and elevated appeal, but the productioo and circumstances in the wider world combine to give a surprising degree of success. Alexander protests that when he commissioned the play be had know idea it would turn out to be so topical, but he realises it now. I suspect a screen versigo.

At Birmingbam Repertory theatre until May 11 (0121 2361455).

Parody of the Fall

1806 play was as a rumbustious Yorkshire set-to, under the title The Cracked Pot. Roger Ringrose's version for his company, News From Verona, is less ebullient and conventional almost to the point of archaism - the expletives of Ringrose's unscrupitlous, incompetent Judge Adam sound more often than not to be couched in decorous, early-1950s atage enphemism. As with the text, so with the production: it is able and entertaining but less than extraordi-

nary. Kleist's parody of the myth of the Fall is a gentle one: it is Judge Adam who tempts young, betrothed Eve into unfaithfulness (a temptation she understandable resists) and is unmasked as the miscre ant who broke her mother's vase when his club-footed prints in the snow are mistaken for those of the Devil himself.

This framework does little to inform what is effectively a rural courtroom comedy, as Judge Adsm goes to evergreater and more ludicrous lengths to prevent his misdeeds from discovery by the visiting High Court official,

einrich von Kleist's Magistrate Walter - Sam Parks taking full advantage of bis

lanky frame to look down on As Adam, Ringrose tries to combine shambling, simlan unpleasantness with a delivery which at times sounds like Anthony Hopkins playing Richard III.

Tim Marchant'a direction is

more than competent but less than subtle, giving full rein to Rosalind Lewis's garrulous caricature mother and even pitching the occasional witness's testimony straight out to the andience. Sean Jones has some nice moments of low-key selfconsciousness as Eve's unjustly accused fiance, Ruprecht, and Philip Ayckbourn rafrains from overplaying the smugness of Judge Adam's clerk, Licht, but the production as a whole never acquires either momentum or

a distinct identity. As a company, News From Verona has cohereot inteotions and a generous modicum of collective ability. However, it is unlikely to make much of s mark with undistinguished, unambitious productions such as this.

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Miranda Richardson as Judy

■ AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Japan Philharmonic Symphony Orchestra: with conductor Jun'Ichi Hirokami and violinist Reiko Watanabe perform works by Yashimatsu, Lalo and De Falla; 8.15pm; Apr 28

■ BERLIN CONCERT

Philharmonie & Kammermusiksaal Tel: 49-30-2614383 The English Concert: with conductor/harpsichordist Trevor innock and soprano Nancy Argenta perform works by Handel and J.S. Bach: 8pm; Apr 30

Deutsche Oper Berlin Tel: 49-30-3438401 ● Palestrina: by Plitzner. Conducted by Christian Thielemann and parformed by the Deutsche Oper Bertin. Soloists. include Reinhard Hagen, Oskor

Hillebrandt, Gerd Brenneis and Rané Kollo; 6pm; Apr 28; May 1

DRESDEN

Sächsische Staatsoper Dresder Tel: 49-351-49110 Melusine: by Reimann. Conducted by Marc Albrecht and performed by the Săchsische Staatsoper. Soloists include Claudia Balrainsky, Helga Demesch, Barbara Hoene and Tom Martinsen; 7pm; Apr 29: May 2

DUSSELDORF

DANCE us Düsseldorf Tel: Opemha 49-211-89080 ... und Farben, die mitten in die Brust leuchten: a choreography by Heinz Spoerli, performed by the Ballett Düsseldorf; 7.30pm; Apr 27

■ FRANKFURT

CONCERT Alte Oper Tel: 49-69-1340400 Don Quichotta auf der Hochzeit des Comacho: by Telemann. Concert performance by La Stagione Frankfurt with conductor Michael Schneider. Sololsts include Raimund Notte and Michael Schopper, 8pm; Apr 27

■ HAMBURG

CONCERT Musikhalle Hamburg Tel: 49-40-346920

 Symphony No.7: by Mahler. Performed by the Hamburger Symphoniker with conductor Jac van Steen: 7pm; Apr 28

HELSINKI **OPERA**

Opera House Tel: 358-0-403021 · Tosca: by Puccini. Conducted by Kari Tikka and performed by the Helsinki Opera. Soloists include Pirkko Tomovist, Esa Ruutunen. Hannu Forsberg and Jaakko Hletikko; 7pm; Apr 27

■ HOUSTON EXHIBITION

The Menil Collection Tel: 1-713-525-9400 Eve Amold: A Retrospective exhibition featuring more than 150 black-and-white and colour photographs taken by Arnold over a forty-year period; to Apr 28

■ LEIPZIG OPERA

Oper Leipzig Tel: 49-341-1261261 Der fliegende Holländer: by Wagner, Conducted by Niksa Bareza and performed by the Oper Leipzig and the Gewandhausorchester, 6pm; Apr 27

■ LONDON EXHIBITION

National Portrait Gallery Tel: 44-171-3060055 · Faces of the Eighties: a display featuring some of the most renowned, revered and revited faces from the last decade, to

complament the BBC series "Peter York's Eighties". The exhibition includes photographs, paintings and sculpture, all created between 1980 and 1989; to Apr 28 Tate Gallery Tel: 44-171-8878000

Bill Woodrow: Fools' Gold:

exhibition of fifteen bronze

sculptures made over the last five years by the British artist Bill Woodrow; to Apr 28 JAZZ & BLUES Romie Scott's Tel: 44-171-4390747 Tania Maria: with special guests the Anthony Kerr Quartet; 10.45pm & 1am; from Apr 29 to May 5

Wigmore Hall Tel: 44-171-9352141 Stan Tracey, Gerard Presencer trumpeter and double bass-player perform jazz music; 7.30pm; Apr 28 ■ LUXEMBOURG

Théatre Municipal Tel: 352-470895 Solistes Européens: and pianist Sergei Edelmann perform works by Prokofiev, Mendelssohn and Mozart;

CONCERT

PARIS 8pm; Apr 29 EXHIBITION Galerie Nationale du Jeu de MADRID Paume Tel: 33-1 47 03 12 50 **OPERA** Philippe Favier: retrospective exhibition devoted to the work of Teatro de la Zarzuela Tel: 34-1-5245400

Faistziff: by Verdi. Conducted by

Teatro de la Zarzuela. Soloists

include Bruno Pratico, Octavio

Arevalo, Carlos Alvarez and Ilona

Tokody; 8pm; Apr 27, 29; May 2

MUNICH

Nationaltheater Tel:

OPERA

this French collaga artist, to Apr 28 Alberto Zedda and performed by the **■ STOCKHOLM**

OPERA Kungliga Teatem - Royal Swedish Opera House Tel: 46-8-7914300 Die Fledermaus: by J. Strauss. Conducted by Sixten Ehrling and performed by the Royal Swedish Opera. Soloists include Staffan Sandlund, Ragnar Ulfung, Hilde

Leidland and Britt Maria Aruhn; 7.30pm; Apr 27, 29

■ VIENNA CONCERT

Konzerthaus Tel: 43-1-7121211 Alban Berg Quartet: perform works by Mozart and Rihm; 7.30pm; Apr 29, 30

 Wiener Symphoniker: with conductor Christoph Eschenbach and soprano Denvce Graves perform works by Berlioz and Tchaikovsky; 7.30pm; Apr 27, 28

WASHINGTON

EXHIBITION National Gallery of Art Tel: 1-202-7374215 The Art of Louis-Léopoid Boilly:

Modern Life in Napoleonic France: exhibition devoted to Louis-Léopold Boilly (1761-1845), the leading genre painter and ona of the most prolific portaitists in France during the revolutionary and Napoleonic periods. The show includes about 50 oil paintings from museums and private collections in the United States, Europe and Australia. The works trace the artist's development from 1780 to 1845; to Apr 28

ZURICH

OPERA Opernhaus Zürich Tel. 41-1-268

6666 Samson et Dalila: by Saint-Saëns. Conducted by Serge Baudo and performed by the Oper Zürich. Soloists include Birgit Remmert and Glorgio Zancanaro; 7.30pm; Apr 27

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is no pot of gold. That will not

inhibit either man from tell-

ing the voters how they

This is not a case of the

cynical commentator taking

easy shots at lame politicians.

Just recall for a moment the

ground on which the 1992 elec-

tion was fought. Then con-

In the Bndget which

launched the Conservative

campaign. Norman Lamont

introduced a 20p hand of income tax. During eubse-

quent weeks Mr Major pledged

that, year-hy-year, he would

progress towards turning the new band into the basic rate.

This, of course, was predi-

cated on a doctored Treasury

forecast of government bor-

rowing. Mr Lamont assured us

that after a temporary blip as

a result of the recession, the

public sector horrowing

requirement would hegin a

sustained glide towards

halance. To he precise, by 1996-97, the current financial

year, the PSBR would be a

piffling £6bn. That, remember,

lower taxes there have been

after tax cuts year-by-year. And the reality? Instead of

sider what has happened.

intend to spend it.

Philip Stephens

Bogus battleground

With the UK now not certain to meet the budgetary criteria for a single currency, both Tories and Labour are boxed in

that Britain would be eligible

to join a single currency in

1999 but free to make up its

We can be sure of one thing. the largest increases in peace-The debate over taxation and time. Some £16bn. But the spending which precedes the Treasury still expects borrownext general election in ing this year to be more than Britain will be as phoney and four times higher than its profraudulent as the one which jection in 1992. In other words, dominated the last. The public its original, reassuring, forefinances are in a mess. It cast was out by a factor of six looks doubtful now that or seven. As a now-departed Britain will qualify to join a American congressman used single currency. But the to say, figures can't lie but Conservatives will promise liars can certainly figure. painless tax cuts, New Labour Labour, though, should not a costless revitalisation of be let off the hook. Folklore public services. The pledges has it that the definitive will be based on an economic

moment of the 1992 campaign analysis as robust as my was the late John Smith's guess of the winning numbers "shadow Bodget". This pur-ported to show that higher in this week's National child benefit and state pen-I am not talking here about the odd dubious statistic. sions could be financed with only minimal increases in Rather a hailstorm of mastaxes. The truth is that Mr saged forecasts and shameless Smith's flimsy arithmetic assumptions. Over the next merely exposed the damage few years, the reality of ecoalready done by a mountain of nomic circumstance will once public spending pledges. If again collide brutally with the Labour had won, it too would proclaimed ambitions of John have betrayed its manifesto. Major and Tony Blair. There All this leaves us in 1996

with politics and economics on their familiar collision course. The economic case for tax cuts before the election has vanished. The PSBR is shrinking far less rapidly than the Treasury predicted even a few months ago.

Last year's deficit amounted to 4.5 per cent of national income. On the agreed definition in the Maastricht treaty, the shortfall is even higher, at 6 per cent. What cruel irony. The cosy assumption has been

All that political fuss, the

Conservative party torn apart by the issue of European economic and monetary union,

and Britain may not even qualify

own mind. It no longer holds. I gather that the Treasury considers it at best an even het that the deficit will be down to the requisite 3 per cent next year. And officials, remember, are paid to be overoptimistic. Just think about it. All that political fuss, the Conservative party torn apart by the issue, and Britain may not even qualify to join.

The unexpectedly slow improvement in the public finances may be blamed partly on the curious stop-go pattern of the economic recovery. The composition of the upturn has also been atypical, led initially by exports rather than consumption. And, in economics, it is always the easiest mistake to project the present into the indefinite future.

The officials who study

these things, however, are pretty sure that there has also been a significant and permanent shrinkage of the tax base. People are paying less Value Added Tax, perhaps because a rate of 17.5 per cent has taught more people how to avoid it. Corporation tax receipts are down, thanks to the tax avoidance industry. So while the economy's expected acceleration later this year will make significant inroads into the PSBR, borrowing will remain uncomfortably high. And, with consumption now the principal motor of growth, a widening trade deficit leaves no room for any relaxation of fiscal policy.

No matter, If he is still there Kenneth Clarke will cut taxes in his November budget. He has to Perhaps I should admit in parenthesis here that the government's recent performance raises a serious question in my own mind as to whether it will simply fall apart well before the end of this year. But, for now, let's stick with the working assumption that it somehow manages to stagger on.

The size of the cuts will depend on how much the financial markets will let him get away with. Mr Clarke will have to consider also the halance he wants to strike between preserving his reputation as one of the better chancellors of recent times and wrecking the financial inheritance of an incoming Labour government

My bet is that Mr Clarke will find the money hy announcing a further squeeze on public spending. But the figures will be incredible. The existing settlement for Whitehall departments over the next three years is already the tightest in living memory. In most areas it implies a complete freeze in spending and in many, significant cuts. The senior civil servants paid to deliver the savings doubt that it is possible unless they cut deep into frontline public services. But even for an hones chancellor, there will be an irresistible temptation to write into the next budget a still lower set of figures. After all, the real pain will not be

So where does that leave Mr Blair and his shadow chancellor, Gordon Brown? Boxed in. Mr Brown has promised to keep the fiscal deficit within the Maastricht criteria. He will borrow, he adds, only to invest. Mr Blair says there are to be no tax increases for the middle classes. Like it or not, be will probably be forced by his own words to endorse Mr Clarke's pre-election tax cuts. I suspect Mr Blair would also prefer to hold the top rate of tax to 40 per cent. Even if he is obliged by his party to propose a higher rate, there is not much extra revenue in ft.

felt until after the election.

True, this time round there are few specific speoding promises. But while Mr Blair's shadow cabinet colleagues are ready to embrace austerity in opposition, higher spending is implicit in their ambitions for government. It is easy to make hard choices when they are theoretical. Week by week the prospect of Labour winning the election seems to harden towards certainty. It will find nothing sweet in the chalice of victory.

LETTERS TO THE EDITOR.

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Income trends and cost of consumer goods and services hardly a recipe for revolution in US Finally, the plethora of new

From Professor Ina Sohn. Sir, Those gearing up for a revolution in America should proceed cantiously ("Talkin'

bout e revolution", April 22). What is remarkable about the US economy - which annually generates about \$7 trillion in incomes and employs 120m people - is its stability. In the share-out of national income (abstracting the 1982-63 world recession), employment-income has ranged between 72 per cent and 75 per cent while investment-related income has maintained a similar constancy, from between

15 per cent and 19 per cent. To be sure, the clues to explaining the reported wedge, since 1982, in productivity and worker compensation indices can be found in the powerful technological change, deregulation, increased monetary discipline, corporate restructuring, liberalised international trade and capital markets and, not least, structural reform in Latin America, eastern Europe and Asia. All of these became permanent features of the US economic and financial

landscape in the past 15 years.

All this has conspired to create excess supply in America's "middle class" labour market, reflected in the very modest increments in recent pay accords for this large part of the labour force, ie declining real wages However, the upside of all this is revealed on the left-hand side of the price-cost equations. Inflation-adjusted prices of most consumer goods and services - healthcare and education notwithstanding ~

continue to decline along with

improvements in access, choice

and quality of most goods and

companies fail to appreciate is

consumer electronic products saturating American households since 1980 (including VCRs, microwave ovens, home CD players, personal computers, home fax machines and cordless and cellular telephones) continues to enhance material life for society at large, ie, increased real consumption. Hardly a recipe for revolution.

Ira Sohn. professor of finance, Montclair State University. Upper Montclair, New Jersey 07043, US

Clarity in Gibraltar

From Ms Jean Cooper. Sir, Tom Burns claims that, as an offshore financial centre. Gibraltar has opeque banking regulations ("Helicopter crash fuels Gibraltar drugs row", April 12). In fact, as a member of the European Union. Gibraltar is required to implement all its directives relating to banking. Although transposition of these into national law is not yet complete, the banking ordinance was amended to reflect the second banking

co-ordination directive in 1993. in addition, all Gibraltar's banks (and most of its other financial services companies) are required by law to have measures in place to prevent the use of the financial system for money laundering. Since the start of this year, this has covered the proceeds of all indictable crimes, thus going beyond the EU money laundering directive requirements.

Jean Cooper, banking and investment Financial Services Commission Suite 943, Europort,

Scepticism over merger well-founded

What service-sector

From Mr Kenneth P. Armitage Sir, It is unusual that Wall Street analysts should be sceptical over the proposed merger of Bell Atlantic and Nynex, ("Bell Atlantic and Nynex set to merge", April 22), specially when it follows the earlier merger of SBC Communications and Pacific Telesis. It is even more so when the culture of fund managers tends to be based on short-term improvements to the bottom line, including downsizing, restructuring and re-engineering and nanagement programm following mergers which are designed to destroy jobs.

that it is the quality and evailability of service and the quality and availability of communication between customer and company which provides profits and thet reductions in service quality loses them customers. Besides, it is one thing to have a leaner and meaner organisation, which might look good on paper, but it is of no use when customers go elsewhere. According to the American Management Association fewer than half of the companies which went

profits and even fewer have increased profitability. Mergers and acquisitions stifle rather than stimulate competition, and the resulting redundancies, especially among middle managers and supervisors (the corporate people with knowledge and experience), destroys custom loyalty. Perhaps the Wall

programmes since 1990 have

produced higher operating

Kenneth P. Armitage, 6 Deben Valley Drive, Kesgrave, Suffolk IP5 7FB, UK

Street analysts have e

point.

FT example for UK companies to follow

through downsizing

From Mr Robin Baiden. Sir. Now the FT is being printed in Hong Kong, it is available here in Singapore on the evening of the day of publication. This is a great improvement, particularly for the Weekend FT which used to arrive the following Monday, . but can now be read on

Saturday. Your communications example is unfortunately not followed by a number of UK companies which send letters overseas franked with UK

domestic rate postage (often 2nd class). Such correspondence takes up to three months to get here and

large, well known companies sometimes with offices here. It is difficult to believe this applies to Singapore-bound mail only. If not, there must be a lot of outdated letters from the UK sitting for months in the holds of ships. On arrival, the chances must be that they are irrelevant to the recipient

and not terribly helpful to the

in my experience is sent by

image of UK plc and its overseas trade missions.

Perhaps a small investment in a world map, with accompanying airmail rates, for the company's mail room might help to put this right. Oh, and it would also be helpful if UK companies would reply to faxes by fax rather than hy mail.

Robin Baiden 67 Cavenagh Road. Le Chatean, #04-04, Singapore 229621

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Time for Kohl to step down

The chancellor's long hold on office has become an increasing problem for Germany



The outcome of the elections in three German Länder lest month hes month been clearer than expected. The liheral Free

Democratic party has survived to fight another day, making it almost certain that the ruling coalition of Free Democrats and Christian Democrats will win the federal election in 1998.

The outcome of the election, therefore, no longer depends on Helmut Kohl remaining chancellor. In other words, he can step down from office without ceding the chancelkorship to the opposition Social Demo-

This is unlikely to be a palatable message to Mr Kohl who this year exceeds the term in office of Mr Konrad Adenauer, the first post-war chancellor. But as the debate continues on how to reduce government nise that Mr Kohl's 14 years at the pinnacle of German politics is becoming a problem for the country. His domination of the political scene is not good for democracy.

One reason why change is needed is Mr Kohl's epproach of placing friends and close ssociates in key positions. That is a legitimate game and Germany is not the only country where it happens. But the longer he stays in office, the deeper the consequences for the political system and the institutions of the country.

For example, it is becoming clear that positions subject to political appointment are often filled by the wrong people. The top ranks of the civil service have suffered heavily from

And he has also made some less than dazzling appointments in his government, such as Wolfgang Bötsch, the telecommunications minister, and Claudia Nolte, the 30-year-old youth minister. At a time when the future of the country as an international economic competitor is at stake, a mediocracy is the last thing it

Five years after unification.



A long time at the belm: Helmut Kohl with Klaus Kinkel (left), the German foreign minister

German society is petrified in two societies. A traveller between Berlin and the Rhineland can see that there has been no merger between the two very different halves of the country - and the gap between them is growing.

Yet no new ideas or fresh approaches are coming forward to address Germany's growing problems. Kurt Biedenkopf, the prime minister of Saxony, is a lonely source of new thinking. The chancellor holds big conferences that lead nowhere: all arguments are known, everything has been said.

Over the years, "chancellor democracy" has increasingly become a presidential system in which faces count, not institutions. Mr Kohl prefers to listen to a handful of people. Thus the most effective influence on the chancellor day-to-day is Mr Friedrich Bohl, the internationally unknown minister without portfolio in the chancellery. Mr Joschim Bitterlich, a dep-

nty undersecretary of state in the chancellery, shapes Mr Kohl'a thinking on foreign affairs. On economic matters. the chancellor relies on the judgment of another undersecretary of state in the economics ministry.

Even in his relations with the German press, the chancel-lor normally bypasses the offi-cial government spokesman. At the beginning of his period in office, Mr Kohl had a rough ride from the German press and broadcasters. So now he relies on Mr Andress Fritzen-kötter who is the misster of the telephone conversation and the informal contact

Mr Kohl decides when to be interviewed, with the occasions becoming increasingly rare - a "presidential" habit reminiscent of his friend François Mitterrand, the former French president. Helmnt Schmidt, the last

Social Democrat chancellor, customarily mada important governmental announcements himself. Mr Kohl leaves these in most cases to his ministers. If he runs into political trouble, he dismisses a minister or creates a new ministry. After the fire at the Chernobyl nuclear power station released radioactive contamination into the atmosphere 10 years ago, Mr Kohl established a ministry of environment to deflect the

hysteria sweeping the country. When the future of the armed forces became controversial, two defence ministers had to resign. When nuclear material was found to have entered Germany from Russia, the head of the national secret service BND resigned. The chancellor is never affected.

Mr Kohl is not, of course, to blame for political tendencies which are built into the system - or for his longevity in office. He is a democrat and still a strong believer in the European cause. But even friends in his own

party increasingly argue that he no longer listens to arguments, that he always knows better and that he advances those who say what he likes to

Some go so far as to say that the chancellor is too far removed from the bitter realities of the country where more and more people are losing it will not be good for Gertheir jobs or feeling insecure about their prospects The outcome of the elections

Rhineland-Palatinate, in Schleswig-Holstein and Baden-Württemberg on March 24 now makes Mr Kohl's departure. possible. The threat posed by the opposition Social Democratic party has been greatly reduced after a poor performance under Mr Oskar Lafontaine, who became its presi-

dent last November. The defeat of the Social Democrats has also ended the high hopes of many on the Ger-man left that e red-green coalition between the socialists. and the greens could lead the party back to national power after so long in the wilderness. In times of high unemployment, the average German voter becomes even more con-

The result of this dry run for the federal election is thus that the next German chancellor will be a Christian Democrat. Mr Kohl is free to go. There were signs that he

wanted to leave office in 1998 or shortly before. But whenever he is asked about it now, he prefers to remain silent. That could be because he is thinking about retirement - he

is, after all, the only leading European politician of the 1980s who remains in power. Margaret Thatcher, François Mitterrand and Mikhail Gorbachev have all departed the scene, and so too will Felipe González when the new Spanish government is formed.

Yet if Mr Kohl does call it a

day, it will be because it is his choice. There is no kaiser to send him home as in the days of chancellor Bismarck. But if he decides to remain in office,

The author is head of the English service of Deutsche Welle, Germany's overseas

المكذا من الدُسل

COMMENT & ANALYSIS

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India goes to the polls

milestone in the country's political development, even though the campaign bas been strikingly devoid of policy debate. Its significance lies in what it reveals about the decline of the ruling Congress Party and the changing nature of national politics.

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For decades after independence from Britain, Congress was the political glne that held India together. Its origins lay in the opposition to British rule that united an immensely diverse and otherwise fragmented society. Its main lever of power was the civil service bequeathed by Britain, and its continuing authority was ensured by the tight grip exercised by the Nehru family.

Much of that has gone. The out-

standing features of this campaign have been the low standing of oational politicians, the importance of regional issues, the emergence of local parties as power brokers and the more strident voice of separate castes. The outcome has thus become impossible to predict in detail. What is certain is that India has moved into an age of coalition politics.

Mr P.V. Narasimha Rao may still end up as prime minister once the votes are counted, but he will preside over a different form of government. With a weak coalialready been boosted by economic increasingly shown itself out of reform and deregulation, will con-

India's election, in which voting begins tomorrow, is an important into a much looser federation.

This is not a bad thing insofar as it simply reflects a new level of political maturity: Indians now feel that their differences can be represented at a political level and so they should.

But it presents a challenge for Mr Rao or any other leader the election throws up. If India is to become a looser federation, then the role of central government will have to be redefined. Its internal task is to ensure that the move towards decentralisation is smooth and prevent the country from breaking up. The risk is less that the economic reforms will grind to a halt when the election is over, but more that the vote will produce a government incapa-hle of rising to thet challenge.

Delhi can make two central contributions. One is to ensure that the rule of law prevails at every level, and the other is to make national unity a matter of economic self-interest for individuals, businesses and states. That means a single-minded pursuit of deregolation aimed at promoting a national market and preventing barriers to competition and trade between the states. A thriving national economy will ultimately be a much more powerful binding force among the increasingly antonomous states than the activi tion at the centre, the relative ties of an autocratic family or a power of the states, which has single national party that has single national party that has

A bogus choice

There is something rather curious suggesting that perhaps Sir James about a wealthy businessman who geoerally resides in Mexico or France holding court at London's Dorchester hotel to demand a refereodum on the question of "Who Governs Britain". There is something even stranger when he buceeds in badly destabilising the government of the day. Sir James Goldsmith,

businessmen, representative of France in the European Parliament and reputed hillionaire, has decided to field candidates in virtually every constituency at the forthcoming UK general election. His Referendum party will offer a single plank in its manifesto: the demand for a plebiscite on the nation's future in Europe. Sir James promises that as soon as that objective is achieved, the new party will dissolve Itself.

In calmer moments, Sir James's enterprise would have been dismissed as an example of the mild eccentricity and natural vanity which often tempts wealthy busi-nessmen into politics. The failed US presidential bids by Ross Perot and Steve Forbes spring to mind. But these are not ordinary times. The eplit in the Conservative

party over Europe is widening rather than narrowing as the gen-eral election approaches. Rows over the Common Fisheries Policy and a spate of recent judgments by the European Court of Justice, and widespread anger over the EU's ban on exports of UK beef has hardened further the Euroscepticism on the Tory backbenches. Some Conservatives are

is right, there should be a referendum on the fundamental issue of membership of the EU. Others are willing to grab any stick with which to beat the EU, or more alarmingly, to raise the spectre of a German-dominated Europe.

Sir James's voice during a week long media blitz in London this sections of the British press. Mr Rupert Murdoch's mass-selling Sun newspaper and Mr Conrad Black's Daily Telegraph have been particularly strident in playing to what they sense to be a ground-swell of Eurosceptic opinion among their readers.

Sir James, however, has been disingenuous. He declines to state a precise question for the referendum he demands. The closest has been that the voters he asked whether they wish the UK to be part of a EU of nation states or a European superstate. But that is a bogus choice. It is difficult not to conclude, as have many of its supporters, that the Referendum party's real objective is a vote on UK withdrawal from the EU.

If Sir James carries forward his threat he could well cost the Conservatives some votes and a few seats at the general election. Mr Major, however, is right in concluding that even a sceptical Conservative party could not promote such a referendum. In any event, Sir James is likely to gain more publicity than support. Like Mr Forbes, he may discover that votes do not come cheap in a market

Black Sea blues

War in former Yugoslavia isolated Bulgaria from mainstream Europe and distracted attention from its role within broader strategic developments in the Black Sea region. But the recent lifting of the trade embargo on Serbia and the growing importance of the Black Sea region as a transit route for Russian gas and central Asian oil provide a welcome opportunity for its re-integration into Europe. For this to happen, however, there must be for more decisive reform

within the country. Bulgaria is emerging as a key link in future energy supplies to southern Europe. Gazprom, the Ruseian oll company, recently gained an effective majority stake in a new Russo-Bulgarlan gas company called Topenergy which plans to deliver 29bn cu m of gas annually to the region by the next century. The gas will be pumped down a new pipeline from Yamal ın northern Siberia. It will run through Ukraine and Romania and split inside Bulgaria into three branches, to supply Serbia, Greece and Turkey. It is the southern equivalent of a pipeline being built through Poland to sup-

ple northern Europe. Al the same time, Russian. Greek and Bulgarian companies are working out the final details of a 320km pipeline from the Bulgar-au port of Burgas on the Black Sea to the Greek port of Alexandroupolis. This will take oil from central Asia across the Black Sea, vin the Russian port of Novorossisk to Burgas and then overland into the northern Aegean, bypass

ing the Bosphorus.

The danger in this is that Russia, which has traditionally seen itself as protector of fellow-Slav Bulgaria, could re-establish a stronghold in the Balkans. This could limit Bulgarian independence and cause nervousness among several Nato countries, not least Turkey. The risks would be much dimin-

ished if Bulgaria'e socialist government, led by Mr Zhan Videnov, showed the courage demonstrated last year by the Rungar-ian government and pressed ahead more vigorously with long-delayed economic reforms, to underpin Bulgaria's independence. The need for this became obvious at this month's annual conference of the European Bank for Reconstruction and Development in Sofia. Such reforms should include restructuring the banking system, closing big lossmaking enterprises and encouraging a private sector starved of capital and harassed by erratically enforced and sometimes retroactive laws and taxes.

Provided Mr Videnov bites the bullet, the International Monetary Fund is ready with a new standby agreement and the World Bank has promised up to \$800m. Foreign investors, who have invested less than \$800m compared to nearly \$14bn in Hungary, would also be attracted to this potentially wealthy country. Now is the time. for bold action.

Predators in confusion

Business and consumer groups want greater clarity in UK competition policy after this week's power industry ruling, says Stefan Wagstyl

decision to block bids by National Power and PowerGen, the generators, for electricity distribution companies has highlighted the uncertainty which has surrounded competition policy in recent years.

By unexpectedly stopping the takeovers, Mr Ian Lang, the trade and industry secretary, has overruled tha Monopolies and Mergers Commission, the government's competition watchdog, which favoured approval for the bids.

It is also a significant reversal of his own past decisions. Mr Lang,

who took over at the DTI last summer, has until now favoured big power and water industry mergers. despite expressions of concern from the utilities regulators and con-

sumer groups.
This week's decisions bave left the City confused about competition policy and redoubled demands for greater clarity in future and for reform. As Mr George Mason, policy adviser at the Confederation of Brit-

n the three years since Mr Graeme Odgers took over as chairman of the Monopolies

and Mergers Commission, he

has often been accused of putting

the interests of industry ahead of

Given his background - Tarmac,

British Telecommunications and

Alfred McAlpine preceded by a

spell running the Department of Industry's industrial development

unit in the mid-1970s - it is hardly

surprising that be holds pro-

Indeed, when appointed to the MMC by Mr Michael Heseltine, he

declared with some pride that he was "four square" with the then

trade and industry secretary's

views on competitiveness, privati-

those of consumers.

he UK government's ish Industry, says: "What business wants above all else is clarity." A City analyst says bluntly: "Nobody trusts the government any more on these competition deci-

Even consumer groups, which welcomed the decision, condemned confused decision-making in compe-tition policy. Mr Philip Cullum, of the Consumers' Association, says: "It all shows how much we need Some competition lawyers see Mr

Lang's decision this week as a sign thet he wants to promote free competition more than Mr Michael Heseltine, his predecessor at the DTL Mr Heseltine, now deputy prime minister, was seen as favouring large mergers as a way of creating "national champions" capable of battling in international markets. However, others say Mr Lang has

bowed to popular protests for the sake of votes in the forthcoming general election, after Mr Norman Lamont, the former chancellor, urged him to intervene when a US electricity company said it wanted

A friend of industry

the criticism by consumer organisa

tions that the Commission under

his leadership has ignored the

The case against him is that in a

series of inquiries - into fine fra-

grances, ice-cream and compact

discs - the MMC has shown far too

much respect for the views of the

industry under investigation. In

the November 1993 report on fine fragrances, for example, the Com-

mission was criticised for conclud-

ing that "snob value" - high prices

and exclusivity - were more impor-

tant to consumers than value for money, so allowing leading per-

fume houses to continue refusing

Commission is obliged to take into

Mr Odgers' response is that the

supplies to cut-price retailers.

interests of consu

competition lawyer says: "It looks like a bit of politicking."

The current confusion over the

purposes of competition policy stems from two sources - recent decisions by the competition anthorities taken under Mr Heseltine's influence and the structure of British competition law. Before Mr Heseltine took over the

DTI in 1992, the emphasis in competition policy was concentrated on promoting competition, under the so-called "Tebbit doctrine" set out by Mr Norman (now Lord) Tebbit, trade and industry secretary in the

But Mr Heseltine's determination to improve the UK's competitive-ness in international markets led to a change of emphasis, in which successful UK businesses would be not be hampered by bureaucratic interference. One immediate consequence was that be delayed plans to tighten competition law.

The number of mergers and possible anti-competitive practices referred to the Monopolies and

Mr Odgers is also regarded as

opposed to the kind of root-and-branch reform of competition pol-

icy advocated by Sir Bryan Cars-

berg, the former director-general of

fair trading. In fact, Mr Odgers says reform of UK legislation on

restrictiva trade practices is long overdue in order to take a tougher

His one sticking point is over the issue of merging the MMC with the

Office of Fair Trading and redncing

the role of politicians. He firmly

believes the UK's tripartite system.

leaving the final say to the politi-cians, works well and should not be

That belief is unlikely to change, even as he contemplates the latest

rebuff handed ont to him on

line on industry cartels.

tinkered with.

to take over National Power. As one Mergers Commission dropped sharply - MMC reports fell from a peak of 30 in 1989 to just 15 last year. And Mr Heseltine appointed as chairman of the Monopolies and Mergers Commission Mr Graeme Odgers, a businessman who shares his dislike of excessive bureaucratic

interference in the economy. Critics including the Consumers Association accused Mr Heseltine of favouring business at the expense of the public interest. And officials at the Office of Fair Trading, which investigates possible abuses of competition law, became concerned that they were being ignored. When Mr Lang took over from Mr

Heseltine last summer, his initial decisions indicated that he would continue the Heseltine approach. He approved mergers in power and water, industries with millions of consumers. These included North West Water'e acquisition of Norweb, its local electricity distributor, and the bld by Hanson, the industrial group, for Eastern Electricity. In doing so, Mr Lang over-rode requests for the bids to be referred to the Monopolies and Mergers Commission from Mr John Bridgeman, the newly appointed directorgeneral of fair trading. He even declined to ask the commission to investigate Scottisb Power's bid for Manweb, the first time that a gen-erator had bid for a distributor. Although this began to unpick the careful separation of generation from distribution introduced at privatisation, Mr Lang said that be had no objection in principle

to such vertical integration. These decisions raised serions concerns not just at the office of fair trading and consumer groups but also with Professor Stephen Littlechild, the electricity regulator. So when the National Power and the autumn, Mr Lang bowed to pressure and referred the planned deals to the MMC.

Complaints that competition policy decisions lack clarity bave prompted demands for reform, to which the government bas responded half heartedly. This year. after much delay, it published a green paper, proposing modest changes in the current tripartite system under which authority is divided between the OFT, the MMC and the government as a final arbiter. The government's proposals are for boosting the OFT's investigative powers and strengthening the law

But many competition lawyers say the tripartite system is cumbersome, unclear and expensive since much of the investigatory work of the OFT is duplicated by the MMC. Moreover, the authorities do not make detailed policy statements nor are they bound by precedent. Finally, these critics say the government bas too much

These critics, joined by the Labour party, want clearer laws defining both the responsibilities of the authorities and the law. For example, the MMC is required by law to judge issues by what is in "the public interest". A former senior competition policy official says it would be better to replace this with the narrow aim of promoting competition. The government could intervene in the few cases where other matters were relevant such as national security.

The government has been able to play down demands for reform because competition issues bave generated little public interest. This week's noisy events will make that considerably more difficult.

sation and deregulation, praising account the consumer interest Wednesday by Mr Ian Lang. him as "a great champion and advocate of British industry." under the Fair Trading Act when judging where the public interest lies - and therefore always does so. Robert Rice But Mr Odgers rejects outright

OBSERVE

America's big killings

■ Sotheby's New York auction of Kennedy memorabilia is not the only example of a presidential fire sale. Next mouth, Washington's Sidwell Friends school -attended by Chelsea Chinton - is holding a scholarship fundralsing dinner.

The First Daughter has arranged that one of the prizes up for bids is a round of golf with her father at the Army and Navy Country Club. The organisers won't estimate what the lucky threesome will pay for the privilege, only suggesting that the opportunity is "priceles

At least Bill Clinton, an expansive player, takes his time over a round. Former president George Bush would regularly sprint round 18 holes in under two hours, exhausting his partners and the protective secret service. But, unlike this week in New York. wealthy celebrities and hoi polloi cannot expect to get lucky. The school anction is limited to members of "the Sidwell community".

And if you're still feeling depressed at being unable to muster the outrageous sums required to secure some Kennedy memorabilia – don't paule. Observer has a substitute. A US judge has just permitted an auction of the refrigerator, drill-bits,

hammers and other paraphernalia used by serial killer Jeffrey Dahmer ~ who was himself murdered in jail in 1994 - on some of his 17 victims, to raise money for their families. Only in America.

Do as I say There are worthy calls for

greater transparency in financial information in the Commission des Opérations de Bourse fat annual report, out yesterday. Not that the French financial markets watchdog abides by such strictures itself; its own accounts run to a meagre few But then 1995 was not a year to

dwell upon; income fell nine per cent, while expenditure grew two per cent, even before the FFr6.7m doled out in the course of hosting the International Organisation of Securities Commissions conference.

Big game cover-up If you own any really large fig

leaves, rush them to Los Angeles where officials have been asked to cover two nude statues at the Los Angeles Coliseum for tomorrow's start of a 42-state, cross-US relay of the Olympic flame.

According to the Los Angeles Times, the cover-up order came from the Atlanta Committee for the Olympic Games, which is organising this summer's Olympics as well as the 84-day relay of the flame that finishes inside Atlanta's own Olympic stadium during the July 19 opening ceremony. Coliseum officials insist that the anatomically correct statues are

part of the coliseum's Olympic history. Representing a male and a female athlete, they were erected for the 1984 summer Olympics. But officials in Atlanta fear that TV viewers of tomorrow's ceremony at the coliseum would find the nudity offensive. "They thought it was an indecent way to start their torch relay," a source

exhibition in Brussels - which has everything for the hi-tech butcher has "been dead this week," according to Roger America, of the meat processing machine-maker Piment. There have been 6,800

Lamb to slaughter

Meanwhile, the Eurobeef '96

visitors in the first four of the exhibition's five days, against nearly 11,500 in 1993, when the show was last held. America blamed the recession and the mad cow crisis. "It has certainly not helped. There is no confidence," he said, rather sheepishly.

Tongue in cheek

You've had mad cows and the threat of world plague, mad cows and collapsing governments; now it's mad cows and political

Franz Fischler, the EU nmissioner for agriculture, got howls of laughter from fellow commissioners at their weekly get-together on Wednesday when, in explaining the EU's complicated intervention system, he made a true, but nevertheless politically incorrect statement: that grown bulls are worth much more than old cows.

Fischler's assertion was met with cries of "Kalanke, Kalanke", a reference to a recent European Court of Justice ruling that rigid quota systems to promote women were illegal.

Luck of the Irish Dan Tully, head of Merrill

Lynch, admits to knowing next to nothing about horses, despite being on the board of the New York Racing Association. Indeed he's not keen to remember just how many times he's lost money betting on a horse simply because the name included the word

Tipperary". On Tuesday his luck turned at the Punchestown races near Dublin, He picked the winner in the 6.10 Tom O'Leary Memorial, at the comfortabla odds of 7 to 1. The horse's name - Dan's Your Man, ridden by a Mr P Cashman, and trained by a Mrs A Cashman. For a Wall Street banker the conjunction was just too tempting.

Financial Jimo 50 years ago

Japan bonds service Tokyo, 25th April. Officials here

expressed surprise at the statement attributed to Viscount Shibusawa, Minister of Finance, in a London report, that provisions equivalent to 660millions had been made for payment of Japanese external debt service. The report was to the effect that, even during the war, money had been set aside to meet this commitment and was still intact. One official said that the figure mentioned was extremely large. So far as he knew, nothing was available for debt service.

U.S. copper prices The American Mining Congress has asked for a legislative increase in the ceiling price of copper, lead and zinc through an amendment to the Price Administratioo Extension Bill. The secretary of the Mining Congress, Mr. Julian D. Conover, told the Senate Banking and Currency Committee that this amendment is necessary to correct discrimination against the non-ferrous metal industry. In effect, the proposal would increase price ceilings on such metals and decrease the present premium payments made by the Government.



FINANCIAL TIMES

Friday April 26 1996



Failed IRA bomb puts ceasefire hopes on hold

By John Kampfner in London and John Murray Brown

Ministers yesterday prepared themselves for a possible spate of IRA "spectaculars" after it was disclosed that a bomb planted on Hammersmith Bridge in London could have been the biggest high explosive device in Britain.

Wednesday night's bomb contained more than 30lbs of sophisticated high explosives, almost certainly Semtex. However, there was only a small explosion, probably of the detonators, as the main device failed to go off.

Police cleared the area after a coded warning was received and there were no injuries. Experts said Hammersmith Bridge might have collapsed had the bomb been detonated properly causing massive disruption to traffic in

A Scotland Yard official said:

"This is probably the biggest amount of high explosive ever to be placed on the mainland. These devices would have caused a very large explosion and there's no doubt that they were made to

kill, cause injury and major structural damage." Government ministers are aware thet, although Sinn Féin have agreed to take part in elections next month to a Northern Ireland forum, there are no signs of the IRA restoring the ceasefire.

MPs believe that even if a ceasefire was declared, it could be a tactic to facilitate Sinn Fein's entry into all-party talks, which are due to begin on June 10. They also suspect that if the negotiations break down the IRA would return to violence.

Mr John Major reiterated the line agreed by the UK, Irish and US governments that Sinn Féin would not be allowed to join the

right to challenge beef ban

By John Mason and Deborsh Hargreeves in London and Caroline Southey in Brussels

rnese were sent on wednesday evening. However, Mr Santer added that steps to resolve the crisis over BSE were "a matter for the Council of Ministers".

any preconditions.

purely a cosmetic exercise. It's absolute nonsense. Those countries will not dare to buy British beef again for a long time," said Mr Nik Askaroff, managing direc-tor of ADM group, one of the UK's largest exporters.

day approved in principle a request from the NFU, backed by a number of companies associthe case to be referred to the European Court and to be dealt with urgently.

The NFU move was supported

sion misused its powers by introducing the ban to allay consumer concerns rather than to protect the public from potential health hazards.

side the EU.

are allowed to take part or not." The bomb was the sixth incident in London since the IRA ended its 18-month ceasefire by killing two people on February 9 in an attack in Docklands. The latest blast coincided with the 80th anniversary of the Easter

Rising in Dublin. It was also three years since the Bishopsgate bombing in Lon-don's business district.

ment emerged over Sinn Fein's role in the talks.

Mr Fergus Finlay, a senior

adviser to Mr Dick Spring, deputy prime minister, said negotia-

tions without Sinn Fein "would

Mr John Bruton, prime minis-

ter, said after a telephone conver-

sation with Mr Spring. "The talks will go ahead, whether Sinn Pein

not be worth a penny candle".

grain prices

Continued from Page 1

where half of all wheat production - about 32m tonnes - is

Countries such as China and Egypt, which delayed imports of grain in the hope that prices would fall, have been caught out Mr Richard Maybew, grains analyst at GNI brokers in London. said traders were noting three times as many export orders for new crop wheat from the US as the same time last year.

The United Nations Food and Agriculture Organisation in Rome, which monitors world markets, has called the grains situation "precarious". The organisation said the increase in prices would add \$3bn to the food bill for poorer nations this year.

Panic-buying has run through the Chicago futures markets as many traders find themselves with no grain to deliver against contract obligations. Warehouses in Chicago and Toledo, Ohio, which hold grain to be delivered against futures contracts contain only im bushels of wheat com-pared with the 35m bushels of outstanding business in the current futures contract.

The trading activity pushed the May wheat futures contract to its 20-cent daily limit yesterday when it hit \$6.96 a bushel. Maize is sold, it must go through a series of tests, including fertility tests on rats and assessments of also hits its 12-cent daily price rise to \$4.99 a bushel. Prices for soyabeans and oats were also pulled up alongside the other grains.

Poor crops hit | EU rules 'hinder' chemicals groups

By Jenny Luesby in London

The competitiveness of European chemical companies is being hin-dered through excessive European Union regulation of the development of new chemicals, industry leaders say.

Companies such as Bayer and BASF of Germany, and ICI and Laporte of the UK, say that sales have been lost, contracts made impossible and innovation suffocated by the seventh amendment to the directive controlling dangerous substances. The current legislation is "out

of all proportion to the risks involved", according a report from an Anglo-German working party chaired by Mr Jurgen Strube, BASF chairman. Although the directive is aimed at dangerous substances, it also covers any new substance invented since 1981, ranging from

new forms of sugar to novel colstage - typically up to 10 - in a chemical's transformation into a The directive requires that each time an evolving chemical

in fish and plants. Companies can only avoid this repeated registration by carrying

consumer product.

the accumulation of the chemical

out the entire development pro-

As a result, research-driven companies are being forced to tie up capital in producing basic raw materials, and speciality chemical companies are losing essential business, says Mr David Campbell, operations director for Laporte Organics.

The UK's Health and Safety Executive says it is sympathetic to these objections, and is trying to negotiate a more appropriate set of rules.

The chemicals industry is also set to launch a campaign seeking a redrafting. As a precursor to this, the UK's Chemical Industries Association attended a meeting in Brussels this week at which it outlined a number of cases where companies had been handicapped.

One company had allegedly lost 7 per cent of its sales due to a hold-up in getting an essential raw material; another reported that registration costs were knocking out two years' worth of profits on each contract it took: and a third reported three contracts lost overseas in the last year as a result of the registration requirements.
In the US, companies are

required to provide a much narrower range of data on new products to the Environmental Protection Agency.

and Congressman Richard

Farmers in UK win Although all parties in the Irish parliament condemned the bombing, the first signs of disagreement within the govern-

The UK's National Farmers Union yesterday won the right to challenge the European Commis-sion's worldwide ban on British beef exports in the European

The NFU's claim that the ban was invalidly introduced could be heard within two or three months, the union said. If the court rules in the NFU's favour. British farmers could mount further legal actions to seek millions of pounds in damages from the

Meanwhile, Mr Jacques Santer, president of the EU Commission, yesterday welcomed the arrival of proposals by the British gov-

These were sent on Wednesday

Mr Douglas Hogg, UK agricul-Brussels as early as today to dis-cuss the plan with Mr Franz Fis-chler, EU commissioner for agriculture, ahead of a meeting of agriculture ministers in Luxembourg on Monday and Tuesday.

A Commission official warned against expectations of an early hifting of the worldwide ban on British beef: "Mr Fischler bas made it clear be will not accept

Exporters say that a lifting of the ban is largely theoretical in any case as the markets covered by the ban are unlikely to start buying British beef again. "Lifting the export ban is

A UK High Court judge yesterated with the beef industry, for

by the UK Ministry of Agriculture and Customs & Excise. Lawyers for the two departments agreed with the NFU that the case was an appropriate one to go to the European Court.
The NFU claims the Commis-

It also charges that the ban

was disproportionate given the safety measures introduced by the British government and it asserts that the Commission had no power to extend the ban out-

THE LEX COLUMN Maintaining altitude Just as the notoriously volatile airline sector appeared to be steering a steady FT-SE Eurotrack 200:

recovery course, a blast of cold air has caused a wobble. Could the top of the cycle already be in sight? Earlier this week, the International Air Transport Association (lata) warned airlines that their profits would take a nosedive if they did not stem the growth in aircraft capacity, which is currently out-stripping rising demand. Martinair, a unit of KLM, went further, suggesting that a cyclical downturn may be immi-

Of course, the sector's record for crash landings is not encouraging. However, such doom-mongering is probably designed to avert catastrophe rather than signal it. Iata expects traffic to grow by 8.1 per cent this year against a capacity increase of 8.6 per cent. But this gap looks sustainable, given the lag in aircraft orders as volume here recovered and the industrial. ume has recovered, and the industry's long-term replacement needs. Further-more, strong volume increases have caused competition to abate, so that even US airlines are doing the unthinkable - increasing fares. With business travel growing strongly, a further rise in yields across the industry this year looks manageable.

British Airways, with its highly effective yield management system, looks particularly well placed. And after yesterday's slip in its share price, it offers reasonable value. BA shares are trading at a slight discount to the market, yet its earnings growth this year and next should be ahead of the market average of 10 per cent.

Mediaset

The decline in Mr Silvio Berlus-coni's political fortunes will not help plans for a public offering of his television empire, Mediaset, in June. His ability to influence the regulatory regime must have diminished with his political power, And while a referendum last year supported Mediaset's continued domination of Italian commercial TV, there is a constitutional court judgment that could force Medi-aset to sell one of its three channels, A forced anction would not get the best price, and Mediaset would have to undergo extensive restructuring to bring its costs down. Finally, there are the implications of Mr Berlusconi's trial for allegedly bribing tax police— he may no longer run Mediaset, but he owns 72 per cent of it, so an adverse indgment would damage the company. Even without these problems, inves-tors would clearly demand that Medi-aset is valued at a hefty discount to its

international peers. Its TV profit mar-

gins are comparatively high, and

while its comfortable duopoly looks safe for the moment, there is little

scope for improvement. This could present an opportunity to buy in on the cheap, but only if Mediaset can use its TV network to make a push into telecoms. The group is planning to compete for corporate telacoms customers and is bidding for Italy's third mobile telecoms licence. Much will depend npon Mediaset's ability to attract strategic telecoms partners, and it is already in discussions with British Telecom. But partners may be deterred by the fact that as an opposition politician - or even a retired politician - Mr Berlusconi looks vulnerable to government vit-

German telecoms

Deutsche Telekom is such a cumbersome elephant that the soon-to-be liberalised German telecoms market seemingly offers rich pickings to new entrants. But with powerful domestic groups including Veba, Mannesmann, Thyssen, Viag and RWE all planning to pila into the market, the ensuing cut-throat competition may make profits for nobody. Hence, the fevered jockeying for position. Today's dead-lina for final bids to link up with Deutsche Bahn, the federal railway which owns a large telecoms network, may narrow the field. Thyssen and Mannesmann, in particular, need access to such a network because they have little infrastructure of their own, unlike the other three which have telecoms networks attached to their power utili-

The merger talks between British Telecom and Cable and Wireless may also cut the number of serious challengers, as each has teamed up with different German partners. BT has an

alliance with Viag and RWE: C&W one with Veba. If the British groups merge, they will not pursue two sendrate German alliances. But since a grand alliance involving all three German groups would be a managerial nightmare, it is likely at least one will be dropped. RWE is the most vulnerable, given that it has signed only a letter of intent with BT; its discree! search for alternative allies is therefore hardly surprising. By contrast. Viag's legal agreement with BT should secure it some sort of role. But the dominant partner looks like being Veba. Not only is it twice the size of RWE and Viag, it already owns a 10.5 per cent stake in C&W.

UK power

Confusion reigns over the British government's attitude to foreign bids for a generator such as National Power. As the government rightly points out, its golden share gives it the power to prevent a bid. But faced with a convincing proposal, nobody knows whether ministers would really seek to block it - or even whether they

think they ought to.

The government probably he idea either. Politically. through a controversial foreign doubtless unattractive. But blocking it, in the face of strong pressure from investors, would not be easy either -

especially since ministers would be hard-pressed to think of an excuse. There is no reason, other than Little Englander sentimentality, wby a closaly-regulated company like National Power should not be run from Atlanta, Georgia.

Ah yes, some argue, but there is no obvious benefit to the British economy

either - so why not keep our treasures at home? The answer is that protection from takeover is a recipe for lax disciplines on management: shareholders, and ultimately customers, are the

For the government, sitting on the fence is ideal. The mere existence of the golden share helps deter bidders without ministers having to stick their necks out. But bowever convenient it may be to refuse to have a policy. there is no justification for it. Southern Company would do everyone a service if it challenged ministers publicly to say whether they would block a bid. That way, the government could not get away with mufiled private hints: if it wants to go for the protectionist option, it would have to come clean and admit it.

> Additional Lex comment on ICI, Page 23

US Congress set to approve budget at last

Continued from Page 1

government shntdowns in November and January. In the process he railied Democrats behind the preservation of the social safety net as never before

Bob Dole, the majority leader, for the presidency, in the unpopular-ity of the Speaker and in the current national standing of the two

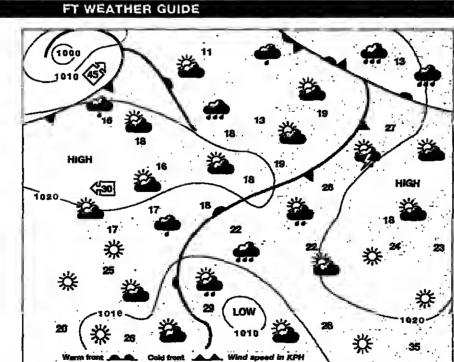
The Democrats now resemble the Republicans of a year ago remarkably united and responding to their congressional leaders. Senator Tom Daschle

Gephardt, much as Republicans did to Mr Gingrich in the first flush of his "revolutionary" era. Current polls give the Democrats a chance in November of regaining the control over the Senate or House, lost in the Republican landslide of

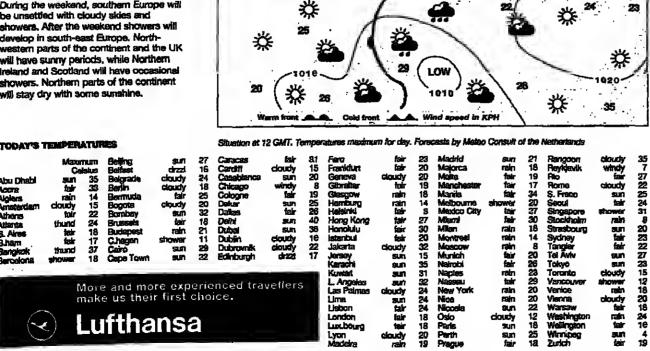
That is reflected in the large lead be now holds over Senator **Europe today** The northern British Isles, the Netherlands and Germany will be overcast in the morning and showers are likely. Further south, showers will develop in south-east France and north-east Spain. Over southern Spain, temperatures will rise above 25C. Southern Germany, the Czech Republic and Poland will be cloudy with sunny spells. Cloudy sides will previously southern parts of the Alps. Across northern Italy and the Balkans there will be occasional rain. In Romania and western Russia it will be mostly cloudy with rain. Southern Europe will be dry and

Five-day forecast

During the weekend, southern Europe will be unsettled with cloudy slices and showers. After the weekend showers will develop in south-east Europe. Northwill have sunny periods, while Northern Ireland and Scotland will have occasions showers. Northern parts of the continent will stay dry with some sunahine.



TODAY'S TEMPERATURES



First GDR transaction out of the Kingdom of Morocco

البنك الغربي للبخارة الخارجية 😩 BMCE

Banque Marocaine du Commerce Extérieur (Organised as a société anonyme, or limited liability company,

under the laws of the Kingdom of Morocco) Offering of

4,724,409 Global Depositary Receipts

ISSUE PRICE US\$12.70 PER GDR

raising US\$ 59,999,994

International Finance Corporation

Nomura International

anco Santander de Negocios Deutsche Morgan Grenfell Morgan Stanley & Co.

Nomura International acted as sole bookrunner for this transaction

LONDON NEW YORK TOKYO HONG KONG

Direct Line

\$215m for

US assault

Rowe & Man LAWYERS FOR BUSINESS

FINANCIAL TIMES

COMPANIES & MARKETS

OTHE FINANCIAL TIMES LIMITED 1996

Friday April 26 1996

LEGAL DEFINITIONS

constructive dismissal v. 1 a mass firing of modern architects (after monstrous carbuncle) 2 indirect dismissal, see ROWE & MAW: asap (ph 0171-248 4282)

Rowe & Maw LAWYERS FOR BUSINESS

founder

raises

By Ralph Atkins,

IN BRIEF

Daimler-Benz sees turnround in 1998

Daimler-Benz, Germany's largest industrial company, forecast a move from a DM6bn (\$3.94bn) net loss last year into a DM6bn operating profit in 1998. Page 18

Bayer cautions despite 'good start' Bayer, the leading German chemicals group, reported a 14 per cent in pre-tax income for the first quarter to DM1.16bn through productivity increases. But warned that "economic uncertainty" in several European countries, especially Germany, was causing concern. Page 19

US airline results continue steep rise US airline results have begun to fall into a pattern.
Each quarter, analysis produce forecasts of big increases in profits and when the results come out, the figures surpass even the most optimistic expectations. Page 20

European pricing move holds back P&G
The cost of switching to "everyday low pricing" in
Europe held back Procter & Gamble's European profits growth in its fiscal third quarter to March, the US consumer goods company reported. But a strong performance in the US helped raise net profits 22 per cent to \$760m. Page 21

Asiasat considers float to refinance loans Asia Satellite Telecommunications (Asiasat), the Hong Kong-based satellite consortium, said it was considering floating as a way of refinancing loans of about US\$220m. Page 22

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Market Statistics

Great Extr. Shippin

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Armual reports service
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Fixed Interest Indices
FT/S&P-A World Indices
FT Gold Mines Index
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28-29 FT-SE Actuaries Indices 26 Foreign exchange I notion where services Managed funde service 27 New Inti bond lesues Recent Issues, LK Short-term but rates

Chief price changes yesterday

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Bahlges Berlin	312.7		73	Worms Cie	267.5		10.5
Linde	950	~	22	TOKYO (Yes)			
Lingtype	113	~	4.5				
MEW YORK	3)			Rigor			
Rises				Ando Comin	875	+	30
FRA THEFAN	214		3	Hings Kold	1100	+	80
Storage Tech	317		34	Koho Mari	1950	+	101
Shoras Proper	40%		314	Milyelf from	703	•	33
Little Transport	28		3	Yachan Japan	968	+	47
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Rigar					4.5		
Deiring Corp	22.1	+	235	EVHOKOK (S			
Domes lots	12	+	1	Rigos			
Franco-Norceda	85		6.05	Troug Pubber	122	+	485
Gennam Corp	19	+	2.85	Thui Rubber	28.25		
Management of the last of the	17.7	+	1.2	Trang See Food	33.25	+	3,0
Falls				Falle			
Stackpole	11.5	-	0.85	Tedde Presty	40	_	11
PARIS (PPr)				Their Constant	90	_	4

ling the company to increase nese pension funds, which are investment in that area. expected to be hit by large repayure to Y21.7bn. Tha impact is expected to be a

Hitacini, the Japanese electronics maker, yesterday said it would incur a Y21.7bn (\$206m) extraor-

The loss - the net of extraordinary losses and an extraordinary gain - reflects the pressures facing Japanese companies, particu-larly from the sluggish state of consumer electronics markets

Hitachi will take a charge of Y29bn to cover a pension account

Mexican

group falls

A sharp rise in debt-servicing

costs, and a decitne in advertis-

ing revenues, cable subscriptions

and magazine sales led Grapo

Televisa, Mexico's dominant

media group, to report a net loss of 396m pesos (\$53.5m) in the

The results showing a fall

from a profit of 151m pesos in the same period last year sur-prised analysis, particularly the high interest charges on its

\$1.1hn debt which increased 56

per cent to 501m pesos. "The results are very negative," said

Mr Shayne McGuire of ING Bar-tugs in Mexico City. "They reflect Televisa's dependence on

short-term finance during 1995."

However, Mr McGaire noted Tel-

evisa had restructured virtually

all short-term deht iuto a \$500m

eurobond this month, which will

Televisa executives say part of

forthcoming sale of Televisa's

40.5 per cent stake in PanAmSat.

a private satellite operator,

for Televisa.

which could raise up to \$1.3bm

The media group's net sales

fell 8.9 per cent to 2.04km pesos. Television revenues, which account for more than half of

Televisa's total income, were

slashed by the advertising cut-

backs of recession-hit companies,

many of which opted for the chesper rates offered by Televi-

Azteca, a privately-owned company which plans to seek a list-ing on the Mexico City stock

exchange later this year, announced on Wednesday a 16

per cent real increase in sales

during 1995 to 654m pesos. In

addition, it said advertising

making into Televisa's advertis-

Televisa's revenues from tele-

vision advertising and the sale of

programming abroad fell 4.9 per

cent in the first quarter to

Its publishing division, which

axed a large number of magazine

titles last year, saw sales drop 19 per cent to 350m pesos. Cable subscription cancellations

caused revenues in the cable

workforce, which the company says has brought total savings of

at least 650m pesos. Televisa shares, which shot up

25 per cent after the PanAmSat

sale was announced earlier this

month, fell about 4 per cent by mid-session to 115.30 pesos.

TV terrier, Page 21

sión Azteca, a rival network.

diminish interest expenses.

into loss

media

By Lastie Crawford in Mexico City

first quarter of 1996.

nese government rules. The additional contribution reflects the difficult state of Japa-

The company is also incurring a Y21.9bn loss for restructuring its consumer electronics business in Europe, where Hitachi has had a tough time. Hitachi said labour costs were high, especially in Europe, which was no longer a

nary loss of Y50.9bn, Hitachi is realising an extraordinary gain of Y29.2bn by selling marketable securities, bringing the final fig-

10 per cent reduction in the company's forecast of parent net profits of Y77bn in the 12 months to the end of March.

However, sales and recurring profits, before extraordinary items and tax are likely to be higher than the forecasts of Y4,000bn and Y120bn respectively, due to strong sales of

Hitachi said it would build a facility in Japan to manufacture advanced 64-megabit dynamic random access memory chips at a

cost of Y120bn. The new facility, scheduled to come on stream in 1998, would have the capacity to manufacture 30,000 eight-inch wafers, Hitachi

sumer electronics market, strong

semiconductor sales are propel

Hitachi is also investing in a joint venture facility with Texas Instruments in the US to produce

The company estimates total investment in semiconductors

amounted to Y180bn in the year to March 1996 and is likely to rise to about Y200hn in the current The company, which is among

the three largest makers of mem-ory chips, believes recent weakness in the semiconductor market is temporary.

The market was valued at Y14.500bn last year and is expected to grow to Y30,000bn by 2000, according to industry esti-

Peter Wood, who built telephone-based Direct Line into the UK's largest motor insurer, has raised an initial \$215m for an assault on the US vehicle insurance mar-ket. Mr Wood and business partner

Mr James Stone, chairman of Plymonth Rock, a Boston-based insurer, plan to launch the venture, Direct Response, next year. They expect it to operate in most states within five years.

The move marks a significant step for Mr Wood, who has trans-formed the UK personal insur-ance market. He founded Direct Line 11 years ago with £20m pro vided by its parent, Royal Bank of Scotland. The group reduced insurance costs sharply by cut-ting out brokers and their com-Direct Line is now maturing,

however. Intense competition from rivals which have adopted its techniques, and bad weather are expected to cut profits by at least half this year, from £112m in the year to last September. Mr Wood was paid £24m ln

1994 to abandon a bonus scheme that paid £18.2m in 12 months. Last year be was paid a salary of £361,000 by Royal Bank. Mr Wood is committed to spending half his time at Direct Line, but earlier this year relinquished day-to-day responsibility for moch of its operations.

He will spend one week in four in Boston and will be vicechairman of the US venture. He will initially own less than 10 per cent of Direct Response's shares but his stake could grow, depending on results. Mr Stone will be chairman.

Royal Bank will have no fina cial involvement in the US venture. Under US rules affecting banks' investments in insurance companies, it could have taken a 5 per cent stake but decided a small interest made little sense Mr George Mathewson, chief executive, said the decision did



Peter Wood: launch next year

not reflect caution about the ven ture's success: "We have every faith that Peter will do well." Financing for Direct Response was arranged by Morgan Stan-

ley, the financial services group, in a deal agreed last week. Main investors include Morgan Stanley Capital Partners, one of the most successful private equity units linked to a big Wall Street house, which has targeted insurance ventures.
Direct Response, like its UK

counterpart, will sell directly to customers using telephone sales and other techniques - including computer links. But it is likely to find the US market hard to penetrate as insurance companies' tied agents already use tele phone sales extensively.

Other backers include Chase Capital Partners. Plymonth Rock, in which Mr Wood bas invested about S8m, is also providing launch capital.

Hitachi hit by charge for pensions

dinary parent pre-tax loss in the financial year just ended because of a pension account deficit and restructuring costs.

ments to an ageing population in the years ahead, while investment returns have been moder-

growing market

his week's surge in grain prices has seen the Chi-cago futures markets hit-

The commodity price rise is not

The big price rises in the oil corporate cost-cutting and drops drive them down. Metal prices analysts say stocks are low and with the exception of copper prices could rise this year if economic growth stimulates

demand Steve Strongin, director of comthe debt will be retired with the | modities research at Goldman Sechs in New York.

pick up too," he said.

in the grains and energy markets trend for commodities.

"Everyone likes to try and find a unifying factor when commodi-

Analysts say so far the implications of commodity price rises for inflation are not great since oil bookings for 1996 rose 123 per cent - an indication of the prices look like slipping again inroads the smaller network is and food prices have been so low for many years they could rise much further and still have little effect on consumer prices.

High grain prices will have an

Deborah Hargreaves on a 'manic' week in the commodity markets

ting record highs. Prices are soar-ing as world stocks touch postwar lows and traders describe the markets as "manic".

restricted to grains; oil reached a five-year peak in early April and several commodities indices albeit heavily weighted in agri-culturals and oil - have set records.

and grain markets are caused largely by plunging stock. Wheat stocks are at their lowest point since 1948 and oil stocks touched a 19-year low this month. Stock levels have been falling for most commodities as poor weather, in production have combined to have so far been sluggish, but

"It is the strong economic growth in Asian countries outside Japan, and the US which is driving the energy and agriculturals, as opposed to Europe and Japan where the economies are more metals-intensive," said Mr

"If the European and Japanese economies are stronger later this year, the metals markets will

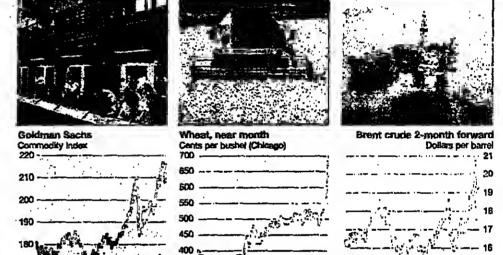
But many analysts are wary of interpreting the recent strength as a sign of a general upwards

ties are moving, but there are really two distinct groups. Prices for the industrial commodities are dependent on ecocomic growth, but foodstuffs are more related to population growth and the weather," said Mr Lawrence Eagles, commodity analyst for GNI in Brazil.

adverse effect on poorer, food-importing nations which already

Squeeze on grain and oil puts the traders in clover

A lift for commodities



spend a disproportionate amount drove an increase in demand for and demand back into balance. of their income on food. They are likely to increase their demand for food aid.

Grain stocks have been falling sharply for the past year after droughts and supply disruptions in important producing countries such as Australia depressed last year's harvest.

A bumper harvest this year

could do much to alleviate supply tightness, but poor weather patterns across the US have led traders to fear for this year's crop. Reports from the US Department of Agriculture on Monday that 45 per cent of the winter wheat crop was in a "poor to very poor" state sparked this week's ran-up in prices. Some farmers are digging up winter wheat and replacing it with

spring planting. Crude oil markets have been similarly affected by a sharp drop in stocks. US stocks are reported hy the American Petroleum Institute at 297m barrels - 40m barrels lower than a year ago and close to a historic low.

Cold weather across the northern hemisphere early this year

energy - heating oil and kerosene as well as trude. This in turn led to a run-down in stock levels with companies caught short when the winter ended. Mr Peter Bogin, oil analyst at

Cambridge Energy Research Associates in Paris, believes companies are tending to carry lower stocks of oil as part of a cost-cutting exercise. "This makes the market more susceptible to price spikes as these companies replenish stocks on a short-term basis. ow wheat stocks and con-

tinued rising demand for grain is expected to keep the grain markets tight for at least the next year. The International Grains Council, which monitors the markets, yesterday projected only a small recovery in wheat stocks at the end of the 1996 harvest to 94m tonnes from the current level of 93m tonnes. But oil prices bave already begun to slip back from their

highs earlier this month and traders say the traditional low demand season for energy in the second quarter will bring supply

The grain market shows the most serious imbalance. In the 1970s, during the last great drop in grain stocks, one of the solutions to shortages was to increase the use of chemical fertilisers and irrigation techniques. However, these are now much more widely used than then. Mr Strongin believes grain

prices need to rise a lot further in order to ration demand effectively. "Real prices of agricultural commodities have been falling for the past 40 years." He also judges that spare capacity for increased planting -

such as the land set-aside in the European Union - is a lot lower than many people think. "In terms of global demand, it is trivial," be said. The United Nation's Food and

Agriculture Organisation in Rome points out high grain prices are leading to increased food insecurity in several lowincome, food deficit countries Soaring Chicago markets may but they lead to a bigger food bill for importing countries.

Mobile phones help Telefónica rise

division to fall 19 per cent to Telefónica, the partly state-controlled Spanish telecommuni-84.6m pesos. Televisa's record company, bowever, increased sales 8.1 per cent to 199m pesos. cations group, yesterday released There was also a one-off advance figures for its first-quarcharge of 216m pesos to cover the costs of about 500 redundanter results showing a rise of 20 per cent in consolidated net cies in the first quarter. Since profit to Pta24.08bn (\$190m). mid-1994, Televisa has cut 14.4

The figure, which compared with Pta20.02bn in the correper cent of its 23,600-strong sponding period last year, was higher than analysts' forecasts. Consolidated operating income.

including Telefonica's Latin American interests, rose 10.5 per cent to Pta447.7m. Total lines in service were almost 7 per cent up on last year

at 24.48m and the number of

shot up 148 per cent to 1.2m following the launch of a new cellular service last summer. The total of mobile phone clients for the group as a whole more than dou-bled to 1.7m.

The company provided no further figures ahead of the publication of full quarterly results next

month. The profit growth follows an 18 per cent rise in consolidated net earnings last year to Ptal33.2bn and an increase of just under 16 per cent at parent company level

to Pta106.20n As part of an effort to bring Spanish telephone rates into line with those of other operators.

reduce tariffs for international calls by an average of 13 per cent, which together with reductions made last year would mean a 25 per cent cut. The change is awaiting government approval once a new centre-right administration

The future of the state's remaining 20 per cent stake in Telefônica has come into ques tion during the Popular Party's negotiations to form a government with the backing of

regional groups. Its main partner, the moderate Catalan nationalist party Convergencia i Unió, is pressing for full privatisation and steps to comThe company's monopoly in

basic telephone services in Spain is due to be broken up in 1998.

A "hard core" of banking shareholders, formed last year between the Barcelona-based savings bank La Caixa, Banco Bilbao Vizcaya and Argentaria, has strengthened its interest in the company to a combined total of about 11 per cent. Argentaria recently raised its

stake from 2.5 per cent to 3 per Last autumn the state reduced its participation through a public share offering of 12 per cent of

Telefónica's capital.



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WIM RA

REGISTERED OFFICE VIA POSTUMIA N. 85 PONTE DI PIAVE (TREVISO), ITALY CAPITAL STOCK LIRE 71.500.200.000 FULLY PAID TREVISO COMPANY REGISTER: NO.15576 TAX CODE: 01413940261

Stockholders are advised that the Ordinary Meeting called for April 30, 1996, at 3.00 p.m. or, in second calling on May 7, 1996, at the same time, will be held in account calling at the Company's registered offices: Via Postmin 25, Ponte of Plave (Ineviso), Italy.

CREDIT NATIONAL FRF 700,000,000 9.25 % BONDS DUE 1999 with coupon reinvestment option

Common Code: 3081249 Sicovam Code: 14461 According to the tarms and conditions of the Bonds, notice is hereby given that 849 supplementary Bonds have been created upon exchange against Coupone on account of payment of interest.

New total nominal amount outstanding as of: 30/04/96; FRF 1 054 700 000

The Principal Paying Agent,
SOCKETE GENERALE BANK & TRUST, LUXEMBOURG

FRF 1,000,000,000 9.25% BONDS DUE 1999 WITH COUPON REINVESTMENT OPTION mmon Code : 3063054

According to the terms and conditions of the Bonds, notice is hereby given that 1143 supplementary Bonds have been created upon exchange against Coupons on account of payment of interest. New total nominal amount

The Principal Paying Agent SOCIETE GENERALE BANK & TRUST-LUXENBOURG

outstanding as of: 30/04/96:

Advance Bank Australia US\$300,000,000

The notes will bear interest at 5.63047% per annum for the interest period from 26 April 1995 to 26 July 1996, interest payable value 26 July 1996 will amount to US\$142.33 per US\$10,000 note.

Floating Rate Notes 2000

Agent: Morgan Guaranty Trust Company

JPMorgan



N.V. De Indonesische Overzeese Bank

US\$125,000,000 Floating Rate Notes 1997

The notes will bear interest at The roces that bear interest 6,175% per annum for the period 26 April 1996 to 26 July 1996, Interest poyable 26 July 1996 will amount to US\$1,560.90 per US\$100,000 note.

Agent: Morgan Guaranty

JPMorgan

COMPAGNIE BANCAIRE RF 500,000,000 9.40 %

BONDS DUE 1999 with coupon sinvestment option Common Code: 3108708 Sicovam Code: 14469 ecording to the terms and According to the terms and conditions of the Bonds, notice is hereby given that 653 supplementary Bonds have been created upon exchange ageinst Coupons on account of payment of interest. New total nominal amount outstanding. as of : 30/04/96 : FRF 770 100 000

The Principal Paying Agent, SOCIETE GENERALE BANK & TRUST, LUXEMBOURG

Daimler-Benz sees turnround

By:Wolfgang Münchau In Frankfurt

Daimler-Benz, the German transportation group, wants to move from a DM6bn (\$3.94bn) net loss last year into a DMSbn operating profit in 1998, according to forecasts published yesterday.

The confident forecast suggests Germany's largest indus-trial group, whose chairman is Mr Juergen Schrempp, expects a generous financial return on the tough restructuring measures it undertook last

These included the downsizing at Daimler-Benz Aerospace (Dasa), its dissociation from Fokker, the Dutch regional aircraft subsidiary, and the dismantling of AEG, the industrial subsidiary.

The information was contained in a document outlining the "merger" terms between AEG and its parent group. Under new German disclosure laws, Daimler had to publish a forecast to justify the merger terms, which it put at one Daimler share in exchange for seven ARG shares.

In its forecast Daimler said it hoped to achieve revenues of DM182bn in 1998, compared with DM104bn in 1995. Mercedes-Benz, the luxury car and truck maker will remain by far the largest con-tributor to profits. Mercedes

expects sales of DM97on, against DM72bn last year, and a twofold rise in operating profit to nearly DM5hn. Dasa expects a turnover of DMISbn and an operating

profit of DM690m. Daimler-Benz said the fore-casts reflected "conservative profit of DM270m, and Daimler-

Benz InterServices (Debis), the expectations which could nevertheless change with global financial services and software division, expects sales of DM17bn with an operating economic developments and other underlying factors, such as most particularly the developmant of the US dollar

COMPANIES AND FINANCE: EUROPE

Juergen Schrempp: expects generous return from restructuring.

mate in eastern Germany

would continue to affect the

group's business in anticipa-

tion of this the group is to

raise its level of risk provisions

from tust over DM700m in 1995

to DM800m this year. Mr Moser said the group was still interested in acquiring an asset management company, despite its failure this year to take over the UK fund manage-

SKF gloomy on outlook as profits slip in first term

By Hugh Carnegy in Stockholm

SKF, the world's leading supplier of roller bearings, blamed weak demand in Europe for a 10 per cent fall in profits in the first quarter and warned that it saw few signs of a resurgence this year. The widespread use of roller

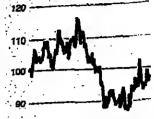
bearings - a component in almost every machine with moving parts - and SKF's global reach makes the Swedish group a useful gauge of economic trends.

SKF said sales in the US had remained strong and were slightly higher in the first three months than in the same period last year, despite a downturn in the US truck industry. "All three main segments - automotive, machinery industry and the after-market - showed similar development," SKF said. It said Asia continued to be a growth market and there were stans of recovery in Latin America.

But the company was gloomler about the outlook in Europe, where its own sales were below levels at the same stage last year in large part due to lower demand from the car industry.

The company said it could not foresee an upturn in the second half which many forecasters are predicting for key European economies.

SKF's first-quarter pre-tax profit of SKr811m (\$120m) was Share price relative to the Affansariden General index



but well below last year's SKr907m. Net earnings per share fell from SKr5.05 to

Group sales were down more than 8 per cent from SKr9.7bn to SKr8.9bn. The company said sales were hit by the effects of a stronger Swedish krona, which it said accounted for SKr700m of the fall.

However, sales were np slightly against the last quar-ter of 1995, when they reached SKr8.5bn, reflecting healthier markets outside Europe.

Profits were higher than most analysts had predicted. chiefly through a fall in the cost of goods sold from SKr6.7bn to SKr6bn.

Sales of roller bearings - by far the higgest division - fell from SKr8.1bn to SKr7.65bn, while the unit's operating profits slipped from SKr731m to

German bank up but holds payout

Bankgesellschaft Berlin, Germany's sixth-largest banking group, announced a 25 per cent rise in pre-tax profits in 1995 to DM895m (\$588m) but said that because of weak economic growth it would not be increasing its dividend. Posttax profits rose 12.8 per cent to

The total assets of the group, whose main subsidiaries are Berliner Bank, Landesbank Berlin and Berlin Hyp, increased 14.4 per cent last

By Neff Buckley in Brussels

reduce debt.

Interbrew, the Belgian privately-

owned brewer whose \$2bn acquisition of Canada's Labatt last year propelled

it into the top ranks of world brewers

by volume sales, said yesterday it had

no plans to float, but confirmed it

would sell its non-brewing assets to

Its comments came as it announced

a strong increase in 1994-95 profits -

although a change in year-end made

direct comparisons impossible. Net

profits for the 15 months to December

DM3.5bn. But there was an 11.5 per cent decrease in net commission income to DM628m.

The group, which was set up two years ago by a marger of Berlin's principal municipal and private sector banks and in which the state of Berlin owns a 56.8 per cent share, said that it was still in a state of a consolidation, which accounted for the unusually high 41.6 per cent increase in administrative expenditure to DM3.29bn.

Mr Hubertus Moser, chairman, warned that the group

tember 30 1994.

28.8m hectolitres.

31 1995 were BFr3.46bn (\$110m),

against BFr2.68bn for the year to Sep-

RFr48.68bn, reflecting an increase in volume sales from 17.6m hectolitres to

The latest figures included a five-

month contribution from Labatt. But

while it would not give the 12-month

figure, Interbrew said results for the

year to October 1995 showed a "clear

improvement" on the previous year,

After a year of aggressive interna-

even before Labatt's contribution.

Turnover rose to BFr81.39hn from

ably higher in 1996 than in previous years, particularly for small to medium-sized firms. Added to that comes overextended public spending," he said. Because of this the group decided to hold the dividend at DM11 per DM50 share, Mr

Furthermore, the latest information from collection agencies suggested that company failures in Germany would increase by 16 per cent this year to about 26,000. This follows an 18 per cent rise in company failures in 1995.

Mr Moser said he expected

the Labett purchase but acquisition of

the Dutch Oranjeboom breweries and

a recent joint venture in China, there

had been speculation Interprew would seek a flotation. It was formed in 1987

through a merger of Belgium's two

main breweries, and is still owned by

the founding de Spoelberch, Van Damme and de Mevius families.

But Mr Paul de Keersmaeker, chair-

man, said flotation was "not on the

agenda". "I have never tried to pre-

dict the future, but I know that in the

short view there is no need to [float]

ment company Gartmore. The group was also planning to change the nominal value of its shares from DM50 to DM5 in a bid to attract a greater of number of small shareholders.

Interbrew advances strongly and quashes flotation talk tional expansion including not just and we really don't think about it," he

But Mr de Keersmaeker said Interbrew would divest the non-brewing assets it acquired through the Labatt acquisition, including broadcasting, sport and entertainment, and dairy interests. Mr Jo Van Biesbroeck, chief financial officer, said this was expected to reduce debt from about 50 per cent of total capital to about 40 per

cent by the year end. He hit out at analysts' suggestions after the Labatt acquisition that the group had paid too much, saying.

Labatt's results had exceeded forecasts and amply justified Interbrew's

valuation. The group expected strong growth to continue in the Americas, in its two Chinese ventures, and in its eastern European interests in Hungary, Romania, Croatia and Bulgaria. But it warned that the market in Belgium and elsewhere in western Europe was under great pressure and showing little growth.

The Americas are expected to contribute 50 per cent of this year's oper-

Bankgesellschaft Berlin AG's 1995 Results

Investing in the Future



Satisfying Result in Our Second Year

The second business year of the Bankgesellschaft Berlin Group was again characterised by extensive measures to develop the Group structure and enter new fields of business. In spite of the resources required for these efforts, we recorded satisfactory new business development in all of our major divisions. The resulting increase in administrative expenses as well as the high level of risk provisions for our lending business contrast with profits realised in our securities portfolio. Group operating profit increased by 18% to DM 958 million. Income per share (DVFA result) rose to DM 24.70 from DM 21.00 in 1994.

Stable Dividend

In view of ongoing investments in the Group's future, we will propose an unchanged dividend of DM 11.00 after appropriations to reserves at our annual general meeting on 14 June 1996.

Solid Equity Base

Group equity capital amounted to DM 8.4 billion at year-end 1995. With a Tier I ratio of 8.2% and a Tier II ratio of 10.2%, Bankgesellschaft Berlin has a solid capital base for risk-conscious growth at its disposal.

Further Group Development in 1996

In 1996 we will continue to invest in the development of the Group's infrastructure. In spite of the challenging economic enviroment in our domestic core markets, we are confident of continuing our progress in the current financial year.

We will be happy to send you a 1995 annual report on request.

Bankgesellschaft Berlin AG Press and Public Relations

Alexanderplatz 2 D-10178 Berlin Tel +49-30-245-65509 Fax +49-30-245-65459

For Shareholders: Investor Relations Tel +49-30-245-66585 Fax +49-30-245-66393

Extract from the Group's Balance Sheet and P & L (in DM million)	Statement 1995	1994 Change
Balance Sheet Total	281,553	246,154 + 14.4 %
Customer Loans	154,822	145,428 + 6.5 %
Customer Deposits and Securitised Liabilities	178,514	159,632 + 11.7 %
Net Interest Income	3,501	3,381 + 3.5.%
Net Commission Income	628	710 - 115%
Risk Provisions	725	968 - 25.3 %
Operating Profit	958	812 +18.0%



BANK GESELLSCHAFT BERLIN

Bayer cautious in spite of 'good start' to year

Bayer, the leading German chemicals group, yesterday reported a 14 per cent in pretax income for the first quarter to DM1.16bn (\$762.2m) through productivity increases. But it warned that daspite what it called a "good start" to the year, "economic uncertainty" in several European countries, especially Germany, was causing concern. Addressing shareholders at

By Michael Lindemann in Bonny the group's annual general meeting, Mr Manifed Schneider, chief executive, said, however, that on the basis of present forecasts the group expected to achieve the 10 per cent rise in pre-tax income which it had predicted for 1996.

If exchange rates continue to stabilise and the world economic environment remains intact, we expect to be able to achieve a new record in earnings," Mr Schneider said. Apart from misgivings about

the state of the German mar-ket the company also said that demand for its chemical products was declining but that it appected that fall to be short-lived to the AES plastics business purchased last year from Monsanto, of the US. short-lived.

The increase in North American sales, which rose 16 per cent in the first quarter to DM2.9bn, was expected to continue, the company said.

Although first-quarter Asian Group sales in the first quarbusiness had been slowed by the strength of the yen, ter overall rose by DM495m, or 42 per cent, to DM122bn, but exchange rate movements in Bayer said this was "almost the first quarter had "largely

offset one another", the group first quarter because of new acquisitions. entirely" due to the first-time consolidation of the ABS plas-

The healthcare business, the largest of Bayer's six divisions representing 24 per cent of group turnover, contributed 3 per cent to the quarterly rise in sales.

Polymers moved ahead by 5 per cent, while the group recorded "strong gains" in its plastics business

Bayer said that it had 143,700 employees at the end of March. an increase of 800 over the

4.4 per cent from 8.7m passen-

· Lufthansa, the German airline, said it carried 9.1m passengers in the first quarter, up gers in the year-ago period, reports AFX News from Frankfurt. Freight and mail volume rose to 395,600 tonnes from 395,400 the previous year. The passenger load factor slipped from 68.2 to 66.9 per cent while the overall load factor fell from

Akzo slips 9% in opening quarter

By David Brown

Akzo-Nobel, the Dutch chemicals and pharmaceuticals group, yesterday reported a 9 per cent drop in net profits before extraordinary items to Fl 332m (\$195m) for the first

quarter ending March.

Operating income during tha same period declined year-onyear from F1553m to F1494m on sales ahead 1 per at F15.64bn.

On balance, the company said, volume sales declined 2 per cent while selling prices advanced 3 per cent.
The earnings slump was

most pronounced in the chemicals division, which generated Fl 2.07bn in sales. Operating income fell from Fl 217m to FI 184m amid fierce competition in the catalysts sector together with low sales volume and weak prices in PVC, the company said.

Akzo is one of the world's leading paint producers. Its coatings division, which generated turnover of Fl 1.71bn, posted a 20 per cent decline in operating profit from Fl 101m to FI 81m, dua primarily to the harsh European winter, which

pnt severe pressure on the group's decorative coatings

Akzo's first-quarter results were also damaged by a contro-versy over its so-called thirdgeneration contraceptive pills, which were said to cause haz-ardous clots of the blood.

This particularly hit sales in Germany and tha UK. Some analysts believe consumer con-cerns will fade during the course of the year following a recent decision by the European drugs council to retain the status quo on guidelines governing the prescription of these pills.

During the three months to March, the pharmeceuticals division generated FI 183m in operating income, up Fl 3m, on sales of F1965m.

In fibres, profits were roughly michanged at F145m, despite a divestment of the packaging resins operation, on sales of F1 909m.

Overall, Akzo-Nobel reiterated its forecast that 1996 earnings should be of the same order as last year, assuming the aecond balf brings the expected economic

NEWS DIGEST

Moody's lowers Vereinsbank rating

The select club of Asa-rated banks lost a member yesterday when Moody's Investor Services, the international credit rating agency, downgraded Bayerische Vereinsbank to Aal. Moody's said Vereinsbank, the fourth-largest German private sector bank, had "consistently strong asset quality", but its earning power over the medium term would be hit by "tighter competition in an overbanked and static market".

The degraced in least a control of the market of the control of the contro

The downgrading leaves only 18 banks, most of them German and Dutch, with Moody's highest rating for long term debt - an accolade which can reduce their cost of borrowing. Standard & Poor's, Moody's arch-rival in the ratings usiness, grades Bayerische Vereinsbank only for its short-term commercial paper programme, and has not

assigned it e long-term rating.

The Moody's downgrade affects only Vereinsbank's senior unsecured debt and long-term deposits. Ratings for its short-term deposits, commercial paper, financial strength and mortgage secured bonds, which are more important for its funding costs, were confirmed at Moody's highest grades.

George Graham, Banking Correspondent

Swiss Re continues advance

Mr Lukas Muehlemann, chief executive of Swiss Reinsurance, said be expected a substantial improvement in tha company's 1996 net profit, but said the gain would not be as large as the

Mr Muehlemann told the results news conference that damage claims in the current year look to be similar to the low rates seen in 1995. He said it remains the company's intention to achieve e 15 per cent return on equity by 1998. In 1995, the company posted net profits up 53 per cent from SFr709m to SFr1.088bn (\$882m), in line with expectations. Gross premiums were unchanged at SFr12.9bn. The board proposed a dividend of SFr22.50, higher than expected, against SFr15 for 1994.

AFX News, Zurich

■ Christiania Bank, the Norwegian bank, posted first quarter net profits down 24 per cent from NKr738m to NKr555m (\$95m). Earnings per share fell from NKr1.34 to NKr1.01. Net interest income fell from NKr899m to NKr858m. Operating profits before loan loss provisions rose from NKr452m to NKr498m, while profits after loan loss provisions declined from NKr738m to NKr562m.

■ Buroc, the Swedish cement group, reported a first quarter loss after financial items of SKr137m (\$20.3m) compared with e SKr114m opening quarter last time. The group incurred an operating loss of SKr41m against a SKr180m profit last time, on deliveries of SKr2.695bn compared with SKr3bn.

The net loss was SKr146m against a profit of SKr86m. Euroc said it would change its name to Scancem. "No larger improvement in profits is expected in 1996 compared with 1995 when the net profit was Skr955m," said Mr Sven Ohlsson. AFX News, Stockholm Euroc's chief executive.

KNP BT shares slide after sharp first-term reverse

KNP BT, the Dutch paper, packeging and distribution group, yesterday saw its share price slide 8 per cent after it revealed an unexpectedly steep slide in first-quarter perfor-mance and predicted a drop in 1996 net profits.

The market wiped F1 3.50 off KNP BT's share price, which closed in Amsterdam at F140. after the company revealed that profits had plummeted from Fl 1.12 to just Fl 0.40 e share. Year-on-year, the net profit from operations fell from Fl 121m to Fl 50m (\$29.4m) after paper prices slipped into a tail-spin.

from Fl 3.69bn to Fl 3.4bn. KNP BT's Leykam paper operation saw sales tumble from Fl 727m to Fl 586m. Despite extensive restructuring efforts, the operating result slipped from a positive F165m to a loss of Fl 7m.

Customers, mindful that were either sold or deconsoli-pulp prices had hit "an all-time dated over the past 12 months.

Two-of Spain's hig banks -

Banco Santander and Argentaria - yesterday both announced higher-than-expec-

ted increases in consolidated

first-quarter earnings, citing

an improvement in operating

Banco Santander, the coun-

try's leading and most interna-

tional banking group, raised attributable oet profits by 13.7

per cent over the same period

last year to Pta20.05bn (\$159m).

Overall, including minority

interests, the group scored a

22.9 per cent increase to

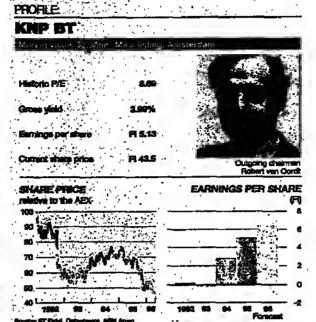
low", reduced stock and delayed orders, the company said. Capacity utilisation of paper machines fell as produc-tion was stopped. Leykam was forced to write down its own

stocks. KNP BT said the extreme weakness in prices may "indi-cate an approaching change". However, it edded that "it is difficult to forecast when this will be exactly".

The group said its packaging division - where edjusted sales slipped from Fl 986m to Fl 784m - was eble to improve margins as a result of low prices for waste paper. This is the most important raw material in its production of solid and corrugated board. Demand was now brisk for corrugated board, but solid board and solid board packaging were still suffering from declining volume sales. The decline in the first quar-

ter operating result for this division - from Fl 94m to Fl 79m - was attributed to the fact that several operations were either sold or deconsoli-

Two Spanish banks report



company said, earnings were unchanged. Overall, packaging was on a path to recovery. KNP BT's important distribu-tion arm generates the bulk of group sales. Turnover in this unit, which has been particu-

man office products distribution, advanced from F12.15bn

larly acquisitive in US and Ger-

On a compareble basis, the now includes the results of peper merchants formerly grouped under the Leykam unit. It saw its operating profit slide from Fl 84m to Fl 62m. The company cautions that

acquired last year from Bayer's

rival Hoechst, also helped first-

quarter turnover to rise, the

company said, as did the acqui-

sition of the Florasynth group.

become necessary if prices further decline. In contrast, the expansive BT Office Products International unit turned in "good" results, the company

further write offs might

Dividend increase to DM 1 per DM 5 share proposed

Pta28.47hn. This reflected a hefty 62.4 per cent boost in operating profit, achieved in spite of a growth of more than 8 per cent in operat-

ing costs. The bank said the higher costs were largely the consequence of acquisitions made since last spring and the launching of new businesses.

The group's fee income meanwhile grew by almost 17 per cent to Pta372bn while income from financial operations rose sharply from Ptal.7bn in the 1995 first quarter to Pta12.76bn.

Santander said the result would have been even stronger as a result of a paper gain of Pta16.61bn in the US resulting from the exchange of its holding of First Fidelity for 11 per cent in the First Union, under a merger completed on Janu-

ary 1. It said that because of the exceptional nature of this transaction it had assigned the earnings to strengthen provisions in the group's balance

better than expected results

The balance sheet total increased in the last 12 months by just over 10 per cent to to Pta17,200bn. Customer loans rose 14.5 per cent to Pta6,700an

The level of coverage for non-performing loans rose from 83 per cent to 88 per cent. Excluding Banesto, the Spanisb banking group in which Santander took a controlling interest two years ago after e more than 110 per cent. Without the Banesto take-

over, the bank said its ettributable net profit would have been Pta3.31bn higher. Santander has proposed a final fourth dividend for 1995 of

Pta91 a share, raising the total

for the year to Pta280, an increase of 7.7 per cent. Mr Emilio Botin, chairman, said in a letter to shareholders that the bank's recent \$495m operation in Chile, where it will control a merged bank formed by its own subsidiary and Banco Osorno, would

bring in profits from next Argentaria, the partially state-controlled group in which the state last month halved its stake to 25 per cent, reported a 12.3 per cent increase in attrib-utable net profit for the quarter to Pta22.39bn, compared

with Pta19.94bn in the same period last year.

Operating earnings were 82 per cent-up at-Pta24.93bn. The bank said this was due in part to success in controlling costs. Personnel costs showed an increase of 1.2 per cent, while other administrative costs including the costs linked to the recent share offer - rose

A sharp fall in non-performing loans enabled the group to reduce net provisions for insol-Pta7.94bu, Argentaria said.

The group's total assets were almost 5 per cent higher than e year ego at Pta12,600bn. Clients' funds increased by more than 14 per cent to Pta6.500bn The volume of investment funds managed by the group, at Pta848.7hn, showed an increase of Pta148hn since the end of last year and a 50 per cent growth over the last 12

Banco Santander's sbare price rose Pta110 to Pta6,160, while Argentaria's skipped by Pta10 to Pta5,370.

Meanwhile, amid renewed rumours of a further concentration in the Spanish banking sector, Banco Popular denied a newspaper report suggesting i

Central Hispanoamericano. BCH in turn issued a statement saying it had not been bnying Banco Popular shares on its own account or anyone else's with the aim of obtaining

SKW 1995 sales of DM 3.9 billion exceed expectations

Group results of DM 281 million best in company's history

In 1995, SKW group sales rose 72% to DM 3.875 billion, for exceeding the sales target of DM 3.7 billion which the company had last set for itself. The strong increase is lorgely ottributable to acquisitions in the Nature's Products and Chemical Divisions. With DM 1.625 billion or 42% the

Noture's Products Dicision accounted for the largest share of total group sales. The acquisition of the French SBI Systems Bio-Industries group in 1995 led to a sizeable expansion of this division. With 32% or DM 1.258 hillion the

Chemical Division accounted for the second largest share of total group sales while the Building Chemicals Division contributed DM 992 million (26%).

Without accuisitions and disincestments group sales would have grown 7% in 1995. Earnings expectations, which were estimated at the time of the IPO and later confirmed in December. were surpassed. Group results from operating activities rose to DM 281 million from DN 169 million in

FUTURE-ORIENTED STRUCTURE OF SKW CORE DIVISIONS

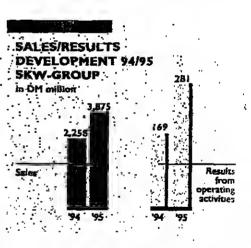
The Nature's Products Division achieved good results, particularly with natural food additives, in the first year of SBI's integration into the group despite higher raw material costs and the decline in the dollar and other currencles. The salt business of BHS - Bayerische Berg-, Hütten- und Salzwerke AC was merged into the newly founded Südsalz GmbH in 1995 in which BHS bolds a majority stake. The company is Germany's leading supplier of

Despite the slump in the construction and building sector in Germany in 1995, SKW's Building Chemicals Division improved its results. This was largely due to the extensive application of SKW's products in the renovation, restoration and repair sector. SKW's subsidiaries in West Europe and its US subsidiary ChemRex profited from stable demand in the building sector.

In the Chemical Division, the first-time consolldation of successful participations in the chemicals for metallurgy sector in 1995 and the positive developments in major markets in Europe and North America led to solid growth. in combination with the growing share of "Added-Value" products in industrial and fine chemicals and the niche approach in agrochemicals this led to a good development of business and a sizeable increase in sales in the division as a whole.

SUCCESSFUL SPECIALIZATION AND GLOBALIZATION

The Group results from operating activities of DM 281 million was tha best in the company's history. Foreign business grew to 54% of Group sales in 1995 from 35% tha year earlier. Even in an en-



vironment of slower economic growth SkW is well positioned to secure stable growth. The anguing process of innovation resulting from synergies from SKW's "Mixology through Technologies" approach, new and improved services, and efficient cost management are the cornerstones of the company's strong standing in the market in the long term. The outlook for 1996 is therefore promising.

DIVIDEND TO RISE TO DM I PER DM 5 NOMINAL SHARE

In order to let SKW sharebolders participate adequately in the positive development of the company's results the Board of Management is proposing an increase of the dividend to DM I per share (from DM 0.875) with a cominal value of DM 5. As announced at the time of the IPO, the dividend will be paid for the full financial 1995 despite the fact that the company went public in May. In view of the company's excellent potential, experts believe that SKW sbares are still undervelued

SKW TROSTBERG AG Investor Relations P.O. Box 1262, O-83303 Trostberg, Germany Telephone (8621) 86-2430 (8621) 86-2040 A COMPANY OF THE VIAG GROUP

Crédit Lyonnais, Allianz upbeat on insurance sales

Allianz, the German insurance group, hopes to sell FFr100m (\$19.5m) in policies by the end of next year through its alliance with Crédit Lyonnais, the French state-owned bank, with e rapid acceleration in the

In the first public statement since the two financial institutions signed an agreement last year, Credit Lyonnais said yestarday that it had already begun selling Allianz's house-hold, and health insurance policies and would launch motor insurance sales in spring next

The accord between Credit Lyonnais and Allianz is one of the most significant in a range of such "bancassurance" deals struck in the past few months Mr Jean Peyrelevade, chair-

man of Credit Lyonnais, said

he believed the French banks had already won the battle

against insurers to sell life assurance policies, capturing more than half the domestic market. Credit Lyonnais has its own subsidiary for the purpose, called UAF.

However, the more specialist skills required to manage nonlife policies have tempted many banks to seek insurers as partners. The last figures for 1994 showed that they held just 3 per cent of the French market for non-life

Under the accord, Allianz pays Crédit Lyonnais a comsion for each insurance policy sold. Mr Peyrelevade sale sales of the raining in the next few years, and said purchases by one in 10 of the bank's cli-

ents by 2000 "would not be He said the bank was spending "several tens of millions of francs" in training its staff so they met the criteria of quality and client selection required by Allianz

Mr Peyrelevade said that in the future the policies were likely to be sold increasingly by telephone and by computer, as well as in its branches, in line with the trend for other banking products.

Mr Henning Schulte-Noelle chairman of Allianz, rejected suggestions that there was tension created by the accord, in spite of the group's existing network of sales agents based in France.

Mr Schulte-Noelle Cared the continued in ortance of this net ... and said the are exclusive use of the group's name on the products, while those sold through the Crédit Lyonnais agreement would be marketed under the bank's

Mr Peyrelevade said that Crédit Lyonnais had no intention at present to seek outside investors for UAF.

However, if it ever did so, Allianz would have the right of

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2997.00 per Class Al Note 27,448.00 per Class A2 Note 20.00 per Class A3 Note on the next Interest Payment Date, being April 30, 1996. MORTGAGE SECURITIES (NO.3) PLC Dated: April 26, 1996

e & Leicener Building £13,000,000

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COMPANIES AND FINANCE: THE AMERICAS

Airline results continue steep rise

By Richard Tomkins in New York

US airline results have begun to fall into a pattern. Each quarter, analysts produce forecasts of big increases in profits; as the results draw nearer, they uperade their forecasts: then, when the results themselves come ont, the figures surpass even the most optimistic expectations.

This year's first quarter has proved no exception. Nearly all US airlines have done much better than expected. The industry as a whole is enjoying its most prosperous period since the boom of the late 1980s, and the airlines are surprising even themselves with just how much money they can

make when things go well.

To some extent, the industry is the passive beneficiary of the strength of the US economy: more economic activity ns more travel. Paradoxi cally, passenger numbers have not risen greatly. But greater demand for air travel travel means airlines have been able to stop filling aircraft with paseengers flying at give-away fares and replace them with passengers paying something nearer full price.

Meanwhile, the airlines have benefited from earlier cuts in capacity they made in an attempt to stem the losses of the early 1990s. With fewer aircraft flying on many rontes, demand for seats on the remaining aircraft has gone up, leading to healthy increases in load factors.

Nevertheless, investors approached this year's first quarter with caution. The reason: until the end of last September. US airlines had enjoyed exemption from a transportation tax costing 4.3 cents per gallon of fuel, but because of the budget impasse in Washington, that exemption



Airline	Revenue 1996	(\$bn) 1995	Net Income/(loss) 1996	(\$in) 1995
AMR (American)	4.3	4.0	157	37
UAL (United)	3.7	3.8	(45)	(13
Delta	3.0	2.0	(276)	(11
Northwest	2.3	2.0	40	47
USAir	1.9	1.8	(55)	(117
Continental	1.5	1.4	88	(30
Trans World	0.8	0.7	(37)	(123
Southwest	0.8	0.6	(87) 33	12
America West	0.4	0.3	14	

was not renewed. On top of that, fuel costs themselves had been rising fast: they were up 7 cents a gallon in March alone. US airlines also suffered the cost of widespread delays and cancellations resulting from unusually severe winter

In the event, bowever, these extra costs were easily outtax on tickets. weighed by another factor. As a result once again of the budget impasse, an excise tax of ID per cent on airline tickets expired at the end of last year, and was not renewed. Some airlines passed on the savings to passengers, so attracting more traffic; others pocketed the money for themselves. Either way, they enjoyed a profits bonanza. Although this will in all

probability be a temporary phenomenon, it is not about to disappear. According to the Air Transport Association, the US industry body, the budget deal thrashed out in Washington this week leaves airline taxation unaltered, so airlines will go on paying the fuel tax but getting relief from the excise

The fact that this arrangement operates greatly to the airlines' benefit was vividly illustrated when AMR, parent company of American Airlines, opened the first-quarter results season last week. The company reported an increase in net income from \$37m to \$157m, equivalent to earnings per share of \$1.84 - far in excess of the \$1.54 predicted by analysts. On the eame day Trans

World Airlines, which came out of its latest spell of chapter 11 bankruptcy protection only last year, reported a cut in net losses from \$123m to \$37m and said it had spent \$18m during the quarter on training hundreds of pilots and flight attendants for an expected upsurge in travel this summer. At first sight Northwest Airlines seemed to be an exception to the general trend, but its figures were distorted by a

preferred stock transaction last Without this, and before preferred stock dividends, it said it had its best first quarter ever, with net profits up from

\$2.6m to \$58.4m. UAL, parent company of United Airlines, was another company reporting figures muddied by special factors: but stripping out the costs of its employee stock ownership scheme, it said net earnings were up 78 per cent to \$105m again, far ahead of analysis'

If there were disappointments in the airlines' figures, they came mainly from Southwest Airlines and USAir. Although Southwest's net income immed from \$11.8m to \$33m, analysis had hoped for a little more. USAir, still struggling with the highest cost structure of any US airline, stayed heavily in loss, partly because of the severe winter veather

Delta Air Lines rounded off the reporting season yesterday with a mixed message. It had record first-quarter results at the operating level, but after restructuring charges of \$556m before tax, caused by job cuts and write-downs on aircraft retirements, it had net losses of \$276m, compared with losses of \$11m last time: and warned of another \$300m restructuring charge this quarter.

NEWS DIGEST

Dow Chemical slips 16% in first period

Dow Chemical reported a 16 per cent drop in first quarter net income to \$476m, with sharp falls in commodity chemicals partly offset by resilience in performance chemicals and plastics. Plastics sales were down 15 per cent to \$928m and profits down 62 per cent to \$170m. The US group said prices in the quarter were down 27 per cent, but had started to recover at the end of the period because of increased global demand. Sales in the chemicals and metals division were down 13 per cent at \$752m, with operating income 38 per cent lower at \$190m. This was blamed on lower prices for vinyl chloride per and weaker demand from the pulp and paper

Performance plastics increased profits 72 per cent to \$317m on sales up 6 per cent at \$1.3bn. Performance chemicals held profits flat at \$247m on sales down 6 per cent at \$1.1bn. Agricultural chemicals saw profits depressed by late planting in North America owing to the severe winter, but Dow said it expected recovery this quarter. Group sales were 4 per cent lower at \$5.0bn. Earnings per share from continuing operations were down 6 per cent at \$1.90. Dow's shares fell \$% Tony Jackson, New York to \$87 in early trading.

AlliedSignal ahead and upbeat

AlliedSignal, the diversified US manufacturer, raised first-quarter net income 14 per cent to \$225m, or 90 cents a share - the 17th consecutive quarter of growth at or above that rate. The company said it was confident earnings growth for the year would be within the target range of 13-17 per cent. Earnings from auto components were up 16 per cent at \$72m on sales up 7 per cent at \$1.5bn. This included results for the brake business sold to Robert Bosch of Germany for \$1.5bn earlier this month. Aerospace earnings were up 9 per cent at \$71m on sales up 14 per cent at \$1.3bn. New business in the quarter included a contract worth up to \$700m to supply GE Capital with parts for Boeing 737 airliners.

The engineered materials division, comprising plastics, fibres and advanced materials, raised earnings 16 per cent to \$109m on sales up 13 per cent at \$1.0bm. Sales growth was attributed both to acquisitions and internal growth, while margins were helped by a slowdown in raw material prices. Group sales rose 11 per cent to \$3.8bn. Tony Jacks

Imperial Oil C\$250m tax boost

A C\$250m (US\$191m) tax refund for 1974–90 pushed first-quarter net profit at Imperial Oil, Canada's biggest integrated oil company, to C\$374m, or C\$1.99 a share, from C\$127m, or 66 cents, on revenues of C\$2.4bn against C\$2.3bn. The refund was partly offset by a C\$25m after-tax exchange loss on redemption of US debt. Before special items, earnings Robert Gibbens, Montreal were C\$149m, up 15 per cent,

Canada pulp and paper companies report mixed quarter

By Robert Gibbens in Montreal

Canadian timber, pulp and newsprint producers have reported mixed firstquarter earnings, reflecting firm prices but declining demand.

However, the companies warned that over-supply - which is now depressing markets - and mill shutdowns would mar second-quarter results. They are confident that inven-

tory correction has begun in North America and markets will improve late in the year.

Those integrated companies with heavy output of pulp sold on the open market are being hit by the 50 per cent drop in prices in the past year. Companies' timber operations have held up because of seasonally good US demand and some firming in Japan. Avenor, one of North America's biggest timber, pulp and newsprint producers, earned C\$40.2m (US\$29.5m), or 60 cents a share, in the first quarter, down from C\$66.4m, or 99 cents, a year earlier, on sales of C\$625m against C\$673m. Pulp prices dropped sharply although newsprint held up

Domtar, the timber, pulp, fine paper

C\$75m, or 58 cents, a year earlier, with severe price declines in all the main sectors, and lower shipments. Sales were C\$499m against C\$527m. Domtar said tight cost control would

continue. Stone-Consolidated, controlled by Chicago's Stone Container, earned and packaging materials group, C\$79m, or 76 cents a share up from posted first-quarter net profit of \$21.3m, or 31 cents, a year earlier, on

C\$20m, or 14 cents a share, down from sales of \$673m against \$323m. The results include a newsprint acquisition last November.

Donohne, controlled by the Quebecor printing and publishing group, earned C\$53.2m, or 65 cents a share, against \$46.2m, or 59 cents, on sales of \$340m, against \$248m.

Alliance Forest earned C\$20.6, or \$1.18 a share, up from \$17.3m, or 97 cents, on sales of \$112m against \$83m.

INVESTOR AB

Shareholders in Investor AB are hereby notified of the Annual General Meeting to be held on Tuesday, May 14, 1996, at 6.00 P.M. at the Kungliga Tennishallen (The Royal Tennis Hall), Lidingövägen 75, Stockholm, Sweden. Doors will be opened and registration for the Meeting will commence at 4.30 P.M.

15. The Board of Directors' proposal regarding a decision on amendment of the Articles of

Association, suggesting that Section 4, Paragraph 3, last sentence, should read as follows:

"As for the rest, Class A shares and Class B shares shall convey similar right to a share in the Company's assets and profits."

The Board of Directors further proposes, as a result of new regulations applying to the Swedish Companies Act thet stipulate preferential right to new shares in conjunction with issues, that in Section 4 new paragraphs be written in – Paragraph 4 up to and including Paragraph 7 – to read as follows:

"Should the Company decide, through cash issue, to issue new shares of Class A and Class B, the owners of shares of Class A and Class 8 shall have

preferential right to subscribe for new shares of

the same class in proportion to their existing share holdings (primary preferential right). Shares that are not subscribed for with primary preferential right shall be offered to all shareholders for sub-

right shall be offered to all shareholders for sub-scription (subsidiary preferential right). Should the oumber of shares offered in this way not be enough for subscription through subsidiary preferential right, said shares shall be apportioned among subscribers in proportion to their existing share-holdings, and to the extent thet this cannot be done, by lottery.

"Should the Company decide through a cash issue to offer shares of only Class A or Class B, all shareholders, whether their shares are of Class A or Class B, shall have preferential right to subscribe for new shares to proportion to their existing

"The aforesaid shall not imply any limitation in the possibility of a decision on eash issue with divergence from shareholders' preferential right.

"By increase of share capital through a bonus issue, new shares will be issued of each share class in proportion to the number of existing shares of the same class. This ware old shares of the same class.

class shall convey the right to new shares of the same share class. What has just been said shall not imply any limitation in the possibility that through

bonus issue, after appropriate amendment to the Articles of Association, shares of e new class may be offered."

e class. This way old shares of a specific

Investor AB is the largest Swedish indus-inal holding company, it generates value through long-term active comerchip, active investigant, operations and tracting. In 1995, the total return on shareholders' to executed to 22.7 percent. investmenta isonoscido de 22.7 percent. Investor AB come Saeb, half of Saeb Auto-mobile and sies has applicant holdings in a number of large, Swedieh, informaticatility active industrial companies, among them Scama, Agua, Incentive (and through it ASEA/ABB), STORA, Ericeson, Atless Copco, SKF and Electrobu, It also has major holdings in compenies such as TV4, CM Groppen and VMI-data, Investor AB is listed in Sociohibia and London, its largest shareholders are the Wallenberg femily foundations and a number of a mutual and person funds.

stor AB in her Bio headquartered in Stockholm, 96 in Hang Kang, Landon and

pered with an average of SEK 5,66, com-pered with an average of SEK 4,48 for the Stockholm Stock Exchange as a whole

www.investor.se

PARTICIPATION

Shareholders wishing to participate in the Meeting

 be recorded in the register of shareholders of the Värdepapperscentralen VPC AB (VPC), the Swedish Securities Register Center, at the latest Friday, May 3, 1996, and

notify the Company of their intencon to participate at the very latest by 1.00 P.M. Thursday, May 9, 1996, at the following address: Investor AB, 5-103 32 Stockholm, Sweden, or by phone +46-8-611 29 10. The notification must list name

through a trust department of a bank or similar insti-tution must, in order to have the right of participation at the Meeting, request that they be temporarily recorded in the VPC share register as beneficial owners. Shareholders toust inform the cominee doing so in good time before Friday, May 3, 1996.

1. The election of Chairman of the Meeting.

3. The election of two persons to attest to the accuracy

The question of whether proper notice of the Meeting has been made.

5. The President's overview.

report for the Investor Group. 7. The adoption of the Parent Company's income statement and halance sheet, as well as of the balance sheet of the Investor Group.

The discharge of the Board of Directors and the President from liability.

9. The disposition of the Company's carnings in

12. A decision on the compensation that shall be paid to the Board of Directors and suditors.

13. The election of the Board of Directors and deputy 14. The election of the auditors and deputy auditors.

Shareholders having shares registered as non

AGENDA

2. The drawing up and approval of the voting list.

The presentation of the Parent Company's annual report and the auditors' report, as well as the consolidated financial statements and the auditors'

accordance with the approved balance sheet (See "DIVIDEND" heading below).

10. The proposal by the Board of Directors for decisions regarding amendments to and temporary additions to the conditions for the Company's outstanding convertible loans 1991/2001 and 1992/2001, respectively. (See "AMENDMENT OF CONVERTIBLE CONDITIONS" heading below).

11. A decision on the number of Directors of the Board and of deputy directors who shall be elected

16. Conclusion of the Meeting. DIVIDEND

The Board of Directors and the President propose an ordinary dividend of SEK 9 per share, as well as a special cash dividend of SEK 20 per share, along with a covered warrants give the right to purchase one B share in Scania AB during the period June 5, 1996—June 4, 1999, at a price of SEK 180. The special cash dividend and the content of purchase one B share in Scania. covered warrants offer assume that the Meeting will support the amendments to and temporary additions in the conditions for Investor's outstanding convertible in the conditions for Investor's outstanding convertible loans in accordance with the Board of Directors' proposal according to the terms outlined below.

As the record date for receipt of the ordinary dividend, the special cash dividend and the covered warrants offer, the Board of Directors has decided to propose to the Meeting Monday, June 3, 1996. Should the offer, the Board of Directors has decided to propose to the Meeting Monday, June 3, 1996. Should the Meeting decide in favor of the proposal, the covered warrants are expected to be registered on the respective shareholder's VP (Securities Register) account by Wednesday, June 5, 1996. Psyment of the ordinary dividend and the special cash dividend is expected to be made Monday, June 17, 1996.

AMENDMENTS TO CONVERTIBLES

As a result of the proposal regarding the special cash dividend and the covered warrants offer, the Board of Directors proposes that the Meeting decide on the amendments to and temporary additions in the conditions for the Company's outstanding convertible loans 1991/2001 and 1992/2001, respectively, meaning briefly that the conversion price for the respective loans are recalculated considering the market value of the offered recalculated considering the market value of the offered covered warrants, as well as to a certain extent the proposed cash dividends. The proposed further implies that the period when conversion, which activates the ordinary dividend, the special cash dividend and the covered warrants offer, is extended to May 24, 1996. The proposed amendments to and additions in the convertibles conditions are conditional on the Meeting deciding to pay out the covered warrants and special cash dividend according to the terms above. The decision regarding amendments to and additions in the convertible conditions are further joinditional on their being agreed to by shareholders, representing their being agreed to by shareholders, representit two-thirds of the cast votes as well as the shares

represented at the Meeting. The Board of Directors complete proposals regarding conditions for the covered warrants as well as the decision on amendments to and temporary additions in conditions for the Company's outstanding convertible loans are available in English at the Company's address Investor AB. S-103 3.2 Stockholm, Sweden.

Stockholm, April 1996 The Board of Directors

THE ROARD OF DIRECTORS AND

Shareholders, who together represent more than 50 percent of the total votes for all snarts in the Company, have informed the Company of the following proposal for election to the Board of Directors and as auditors,

respectively. Re-election to the Board of Directors has been pro-Re-election to the Soard of Directors has been proposed for Peter Wallenberg, Bo Berggren, Anders Scharp, Percy Barnevik, Erik Belfrage, Hälem Mogren, Manritz Sahlin, Peter D. Sutherland, Tom Wachtmeister, Marcus Wallenberg and Claes Dahlbäck.

Re-election has been proposed for Caj Nackstad and Gunnar Widhagen as auditors, and for Thomas Thiel and Björn Fernström as deputy auditors.

The Board of Management of Akzo Nobel N.V. – formerly Akzo N.V. – announces that on April 25, 1996 the results for the first quarter of 1996 were published. Copies of this report may be obtained from the London Paying Agents:

Bardays Global Securities 8 Angel Court Thogmorton Street London EC2P 7HT

Midland Securities Service Paying Agency Section 5th Floor Mariner House

or from the offices of Akzo Nobel N.V. Velperweg 76 P.O. Box 9300 6800 SB Arnhem

the Netherlands

Amhem, April 26, 1996 Alco Nobel N.V. the Netherlands

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DIVIDEND NOTICE

Pepys Street London EC3N 4DA

PLACER DOME INC.

Notice is hereby given that o regular quarterly dividend, being Dividend No. 36 of being Dividend No. 30 or seven and one half U.S. cents (7-1/2c) per Common Share, has been declared payable on June 24, 1996 to shareholders of record of the close of business on May 24, 1996.

Shareholders with addresses in Canada will be paid the equivalent amount in Canadian currency, converted at an evaluation affect as at the

BY ORDER OF THE BOARD Sandy Mackay-Smith Vice-President, Secretary and April 15, 1996

U.S. \$75,000,000 SWEDBANK (Sparbankernas Bank) Subordinated Floating Rate Notes due 1997 Notice is harstly given that for the time months interest Period from April 26, 1998 to July 28, 1998 to Notes will carry an interest Rets of 5.75% per sirvan. The interest payment data, July 28, 1998 will be U.S. 53,629,68 and U.S. 545,56 respectively for Notes in demonstration of the property of the payment data, July 28, 1998 will be U.S. 54,62,68 and U.S. 545,56 respectively for Notes in demonstrations of the payment o percent property of the proper Part | Pa

حكة من الأصل

Europe pricing switch holds P&G to 22% growth

By Richard Tomkins

The cost of switching to "everyday low pricing" in Europe held back Procter & Gamble's European profits growth in its third quarter to March, the US consumer goods company said yesterday. However, the weakness in

European profits was outweighed by a strong performance in the US market, and the company reported an overall increase of 22 per cent in net profits to \$760m. Last year Procter & Gamble reflected the pricing initiative

By Tony Jackson in New York

First-quarter earnings at

Xerox, the US photocopier

group, rose 81 per cent to

\$237m on revenues up 4 per cent at \$3.9bn. The rise in earn-

ings was helped by Xerox rais-

the diversified leisure group,

from 51 per cent to 71 per cent

document processing rose 4 per cent to \$3.9bn, Rank Xerox's revenues fell 2 per cent in local

currency terms. Xerox said

this was one partly to eco-

nomic weakness - Rank Xerox

operates in Europe, Africa and

parts of Asia - and that it

expected the revenue decline

US revenues grew 5 per cent.

Revenue growth in Latin

America was 16 per cent, due to strong growth in Brazil and

recovery in Mexico, Group

earnings were also helped by a

Sales of digital printing prod-

ucts were up 19 per cent in

local currencies, to reach 27

per cent of Xerox sales (excluding Rank Xerox). Sales of

black and white copiers, repre-

senting 59 per cent of reve-

Xerox said the sale of its Tal-

cut in the Brazilian tax rate.

to be temporary.

nues, were flat.

While revenues from Xerox

in February last year.

ing its stake in Rank Xerox,

Leisure stake

earnings 61%

helps Xerox lift

took a \$50m charge for costs in Europe which would "buildresulting from the Kobe earth-quake in Japan. Without that charge, the increase in third quarter net profits would have been 12 per cent. Revenues rose 3 per cent to

\$8.6bn, operating profits rose by 12 per cent to \$1.2bn, and fully diluted earnings per share rose by 25 per cent to Mr John Pepper, chairman and chief executive, said the. quarter's world-wide volume

\$1bn programme instituted in

February.

• Xerox this week launched

the world's first high-speed.

low-cost digital colour copier at

an industry show in New York,

. The DocuColor 40 machine is

capable of producing 40 colour pages a minute and is designed

to bring short-run colour copy-

ing to business users and help

Xerox meet the growing

demand for digital colour docu-

The market for on-demand

colour is growing by about 30

per cent a year and is expected to reach \$12hn in the US alone

Last year Xerox's revenues

from colour systems rose 45

per cent to \$600m, making

it one of the group's fastest-

The new system, which costs

about around \$130,000, is more

than five times faster than the

leading colour copier/printer

and costs about half as much

The system is designed to

work with a wide range of

"front-end" software packages.
"This will revolutionise the

colour market," said Mr Brian

Stern, president of Xerox office

ment production systems.

by the end of the decade.

growing businesses

as digital presses.

egen and Resolution insurance document products group. "We businesses was due for comple have broken the 'sound bar-

writes Paul Taylor.

growth was "below what we normally would like", but

consumer value over time". Procter & Gamble this year adopted a new pricing strategy in Europe modelled on its everyday low pricing strategy m the US, which was adopted four years ago and has proved a big success

As in the US, the European strategy is intended to fight competition from cut price brands and own-label products by cutting promotional offers and discounts in favour of everyday low prices. In the short term, however,

in Procter & Gamble's European volume growth. Procter & Gamble said volumes, revenues and earnings were about flat in its Europe, Middle East and Africa region, owing to the combined effects of value pricing in key western European markets and a strong perfor-mance in the comparable

In contrast, North America achieved 4 per cent growth in unit volumes, 6 per cent growth in revenues and a 19 per cent surge in earnings. Procter & Gamble said lower costs helped profits growth.

. Laundry and cleaning products led North America's unit volume growth, and the paper products business had particularly strong net earnings, thanks to falling pulp prices. However, the region's health care business was hit by tough competition in over-thecounter health care products.

In Asia, volume rose 16 per cent, revenues rose 4 per cent and earnings rose 11 per cent. But volumes in Latin America, hit by weakness in the Mexican market, fell by 9 per cent, and the region's revenues and earnings fell by 4 per cent.



John Pepper: world sales

TV terrier snaps at Televisa's heels

Azteca is gaining from synergies and alliances, says Leslie Crawford

elevisión Azteca, an upstart broadcaster in s country where Televisa country where Televisa rules supreme, is the main cul prit behind the Mexican media giant's poor first quarter of March, shares worth \$91m

results. In an unusual step for a privately-owned company, Azteca published its financial results for 1995 on the same day that Televisa reported losses of 396m pesos (\$53.5m) for the first quarter of 1996.

It was not a coincidence. Azteca, which is planning to seek a listing on the Mexico City stock exchange later this year, reported a 16 per cent increase in 1995 sales to 654m pesos and an operating margin of 35 per cent. In addition, the company said its advertising bookings for 1996 had increased 123 per cent compared with the previous year. which is expected to give Azteca about one-fifth of Mexico's television advertising

market. For Mr Ricardo Salinas Pliego, the youthful owner of the Blektra chain of retail stores, the purchase of two alling government television networks which struggled to scratch together a 10 per cent audience share three years ago has been a gamble that paid

With no experience in televi-sion, Mr Salinas (unrelated to former president Carlos Salinas) paid \$650m in 1993 for two networks which, by his own admission, "had poor transmission systems, no management

even a proper payroll". He spent two years extend-ing transmission facilities and forging alliances with more experienced broadcasters, such as NBC of the US, to beef up Televisión Azteca's lacklustre programming. Despite the improvements, however, Azte ca's audience share still wobbled around 15 per cent.

Last year's economic crisis forced many advertisers to look for cheaper ontlets. Televise, which dominates Mexico's \$1.8hn advertising market, saw net sales decline 17.2 per cent in 1995 and a further 8.9 per cent in the first quarter of 1996. In contrast, Azteca's cheaper rates and more flexible payment plans allowed it to corner 18.5 per cent of the television

advertising market last year,

according to Nielsen, the mar-

ket researchers.

Mr Salinas predicts Azteca's advertising revenue will produce net earnings of \$70m in 1996. He plans to set up his own studios for the production of in-bouse "telenovelas", the lachrymose soap operas to which Mexicans are addicted. Azteca has bought a football team (Televisa owns many), and next month will launch a

record company. Mr Salinas says he also plans to float Televisión Azteca on the Mexico City stock market later this year or early next. Going public appears to be dictated by two concerns: Azteca's \$236m debt is held in the form of convertible bonds by a syndicate of three Mexican

equity stakes in the company when the bonds mature in late 1997. NBC also has an option to acquire a 10 per cent to 20 per cent stake in Azteca under the terms of their programming

In addition, shareholders in Riektra, Mr Salinas's successful retailing outfit, are growing increasingly nervous over the level of cross-subsidy which is going on between the

When Elektra announced earlier this month that it had acquired a 14.5 per cent stake in Azteca for \$107m, Elektra's stock price, which had risen by 55 per cent in nominal terms since the beginning of the year, promptly lost 12 per cent of its value. Equity analysts expressed concern that Elektra was sinking money into Mr Salinas's private television venture rather than using its cash reserves to pay off debt.

r Salinas, which owns 80 per cent of Elektra along with other members of his family, believes the markets got it

"Elektra gets a tremendous free lunch with Television Azteca," he says. "We have pummelled viewers with Elekira ads over the past three years, and with tremendous results. No other retailer has such access to air time."

Blanket advertising certainly appears to have helped Elektra weather last year's recession, which hammered other retail-

lapsed. Elektra, which sells cookers, TV sets and other electrical goods to lower-income groups, and also runs a profitable side-line in money

transfer services, saw only a 6

per cent fall in net sales to 2.85bn pesos (\$384m) last year,

while profits increased margin-

ally to 302m pesos. Mr Salinas says Elektra's equity stake in Azteca came with a advertising deal which gives his retail chain lots of nearly-free airtime for the next

The sale of Elektra's money transfer business to Western Union Financial Services, a subsidiary of First Data Corp of the US, has also allowed Elektra to retire all but \$30m of the company's \$160m debt. And as a result of the retail chain's lower financial costs this year, Mr Salinas predicts Elektra's profits will double to 600m pesos in 1996.

Mr Salinas says Elektra is planning a \$100m eurobond issue later this month, onethird of which will be used to cancel supplier debts and the rest to back up new investment opportunities.

While Mr Salinas believes the synergies between Elektra and Azteca are self-evident, be has yet to show that his fledgling television networks can stand alone.

"My strategy is to maul Tel-evisa's premier channels," he boasts, "get their ratings down; splinter their audience." Fighting talk from a busine aiming his slingshot at a Mexi-

Consumer groups' earnings disappoint

Third-quarter earnings from both Sara Lee and Quaker Oats fell short of expectations, pushing down the consumer groups' shares. In morning trading, Quaker's shares slipped \$% to \$34, while Sara Lee's shares were \$% lower at \$27%. This was despite record sales and earnings at Sara Lee, with the first double-digit increase in earnings per share for six quarters. Net income rose 9 per cent to \$166m, and fully-diluted earnings per share were up 10 per cent to 32 cents. For the nine months, net income was \$583m, np from \$508m, and earnings per share were \$1.14, compared with 99 cents. The group said all four of its business sectors increased profits.

Quaker Oats said its results were hit by a business realignment, including the sale of its North American pet foods business, but this would "position Quaker for greater profitable growth". Third-quarter results included a \$518m gain before tax, worth \$2.43 a share, from asset sales.

Excluding that, earnings per share were down from 54 cents in the third quarter of the previous financial year to 30 cents. For the nine months, earnings per share were \$1, excluding the gain, compared with \$1.51.

Maggie Urry, New Y

Stake sales help boost BCE

BCE. Canada's biggest telecommunications company, posted first-quarter earnings of C\$254m, or 74 cents a share, up from C\$155m, or 42 cents a share a year earlier, on revenues of C\$6.1bn, up 11 per cent from C\$5.5bn. The latest quarter included net special gains equal to 18 cents a share against 12 cents a year earlier. The 1996 quarter included a C\$50m gain on the sale of BCE's interest in Clear Communications in New

BCE received a bigger contribution from Northern Telecom its equipment affiliate, and from BCE Mobile, the wireless communications unit. Bell Canada, the fully-owned telecommunications utility, made a contribution of C\$155m, up from C\$98m, as rationalisation began to lower operating expense. Its operating revenues were C\$2.1bn against C\$1.95bn, reflecting growth in optional services and higher local rates.

Robert Gibbens, Montreal

Price weakness hits US Steel

The slide in steel prices during the second half of 1995, along with disruptions caused by severe winter weather, led to a 33 per cent fall in post-tax earnings at US Steel during the first three months of this year. The biggest US steelmaker also warned that an accident at its largest blast furnace on April 2 would have a "significant negative impact" on its results for

US Steel's fall in net income, to \$46m, or 49 cents a share, echoed results reported by the country's other big producers in recent days. Steel shipments in the quarter, at 2.9m tons, were 6 per cent higher than a year before, while revenues were unchanged at \$1.6bn. Richard Waters, New York

Solid progress at AIG

American International Group reported a 17 per cent rise in net income in the first half of this year, to \$671m, led by growth in its life insurance business outside the US, and financial services. The biggest part of AIG's business, its general insurance operations, saw a 9 per cent increase in revenues, to \$3.1bn, and operating income, at \$510m.

Income from life insurance, meanwhile, climbed 21 per cent, to \$287m, on a 14 per cent increase in premiums. And the financial services businesses, grouped around derivatives and aircraft leasing, reported income of \$108m, a rise of 43 per Richard Waters

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GARANTI BANK

Türkiye Garanti Bankası A.Ş.

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Société Générale, London Branch

Agent

The Sumitomo Bank, Limited

The Dai-Ichi Kangyo Bank, Limited

This announcement appears as a matter of record only.

Financial Highlights as at December 31st, 1995

(in DM million)

Dresdner Bank Luxembourg S.A. posts record results for the 1995 financial year.

Balance Sheet	1995	1994	Profit and Loss Account	1995	1994
- Total Assets	31,938	30,317	- Net Interest Income	285	274
- Net Business Volume	32,857	31,193	- Net Commission Income	110	114
- Loans and Advances	11,771	8,585	 Net Profit on Financial Operations 	109	20
- Customer Deposits	7,418	7,567	Financial Operations	109	20
- Capital and Reserves	930	870	 Net Profit for the Financial Year 	222	172

The business activities of Dresdner Bank Luxembourg S. A. concentrate on international banking, encompassing loans and advances, investments and dealings in money markets, foreign exchange, precious metals, securities and new issues (LUF) in addition to corporate and private customer business including asset management.

For more information please contact us under:

47 60-5 43

Telephone: (..352) 47 60-1

46 12 12 Euromoney

46 16 16 Foreign Exchange, Precious Metals

Private Banking

46 28 28 Securities 47 45 48 Corporate Banking

47 60-3 31 Telefax: (.. 352)

To receive your copy of our audited Annual Report please write to us: Dresdner Bank Luxembourg S.A., 26, rue du Marché-aux-Herbes, B.P. 355, L-2097 Luxembourg.

Indian ships group declines 9.6%

Great Eastern Shipping, India's largest private sector shipping group which also has interests in commodity trading and real estate, reported a 9.6 per cent decline in net profit to Rs1.55bn (\$91.3m) for the year to March 31, although operating profit climbed 10.6 per cent to Rs3.12bn.

The company said a substantially higher interest cost of Rs457m and a Rs270m provision for tax against nil last year were mainly responsible for the fall in net profit. Turnover rose marginally from Rs7.55bn to Rs7.58bn. The result fell well below market expectations.

Great Eastern did well in shipping with operating profit up 34.1 per cent to Rs2.02bn. But it suffered a setback in commodity trading and treasury operations. It acquired 13 ships last year at a total cost of Rs6.02bn while it sold five vessels for Rs1.09bn. The company's earnings per share fell from Rs6.2 to Rs5.4. Kunai Bose, Calcutto

Fairfax stake 'not for sale'

Mr Dan Colson, deputy chairman of John Fairfax, Australia's leading newspaper publisher, yesterday attempted to damp speculation in Australia that Mr Conrad Black, the Canadian media proprietor, was signalling to sell his 24.9 per cent in Fairfax when he bid to buy out minority shareholders in The Telegraph group in the UK this week.

Mr Colson, who is also dapoty chairman of The Telegraph and a director of Mr Black's Hollinger group, said: "We have made no secret of our desire to increase our stake in Fairfax itself, and that position remains unchanged," he said. The speculation arose because Mr Black's bid for The Telegraph group included an offer to pay minority shareholders a bonus cash sum if the Telegraph's Fairfax stake was sold off in the next two years for more than A\$3 a share. Mr Black, who has board seats at Fairfax, is prevented from raising his holding by Australia's restrictions on foreign ownership of media assets. Nikki Tait, Sydney, and Agencies

Fletcher Challenge Canada falls

Sharp falls in paper and pulp markets led Fletcher Challenge Canada to report a severe fall in earnings to C\$2.9m (US\$2.13m), or 3 cents a share, for the three months to a March 31, tha company's head office in New Zealand announced. This compares with a profit of C\$20.2m, or 16 cents, a year ago.

Directors said a sharp fall in pulp prices led to a C\$36m pre-tax adjustment of the carrying value of the company's pulp and wood fibre inventories in the quarter which reduced earnings by C\$22m net of tax, or 18 cents a share, Sales for the three months were C\$526m compared with C\$431m in the corresponding period of 1995 when the company's three British Columbia pulp and paper plants were hit by a three-month

For the nine months to March 31, Fletcher Challenge Canada's net earnings were C\$153.4m, up from C\$44.6m for the same period of 1994-95. Sales rose from C\$1.4bn to C\$1.8bn. Terry Hall, Wellington

Thai Airways plans share issue

Thai Airways International plans to issue 200m new shares to help pay for 21 aircraft it is buying as part of a revamp of its fleet. Mr Chatumonkol Sonakul, the finance ministry's most senior permanent official, said that all or part of the issue

could be offered to outside investors.

The national carrier has slightly outperformed the Stock Exchange of Thailand index so far this year, but Mr Michael Miller, an analyst at Crosby Research, noted that although That was slowly becoming more efficient, it had rarely traded above its 1992 IPO price of Bt60. He was doubtful about the issue's prospects. William Barnes, Bangkok

COMPANIES AND FINANCE: ASIA-PACIFIC

Improved margins enable Petron to lift profits

By Edward Luce

Petron Corp, the Philippines' recently privatised oil company, saw net profits rise by 9.4 per cent to 1.026bn pesos (US\$39.2m) in the first quarter on higher sales and improved margins from productivity

The former state company, which is 40 per cent owned by Saudi Aramco with the government retaining a 40 per cent share, said that it bad improved its market shara

from 41 per cent to 42.8 per cent between January and

The company, whose shares closed unchanged yesterday at 11.25 pesos, had also expanded capacity at its 165,000 b/d refining plant in advance of the full liberalisation of the country's oil sector next January.

The oil deregulation bill, which was passed last month, will permit foreign companies to enter the Philippines' petrol and downstream refining industry.

The market is currently

Pilipinas, the local arm of the Anglo-Dutch group, and Calter

We think that Petron is well placed to meet the impending competition because it has a strong partner in Saudi Aramco and has invested more than Shell or Caltex in its refining capacity," said Mr Noel Reyes, chief researcher at Anscor Securities

in Manila.

Nevertheless, in a country where corporate earnings are growing by 25 per cent,

shared between Petron, Shell Petron's profits growth looks utor of Pennzoil, the largest

The company said it sold 2.4bn litres of petrol and petrol products in the first three months 6.7 per cent higher than last year.

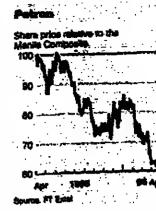
Overall sales rose by 15 per cent to 12.9hn pesos. The com-pany also said yesterday that it had allocated 6.7bn pesos to capital spending in 1996 to bolster its position in advance of

However, Petron, which last month was appointed exclusive Philippine licensee and distrib-

selling motor oil brand in the US, says it is concerned about the timing of the repayment of government debts to the

Under the existing regime, which will be scrapped in July, oil prices are shielded from fluctuation by a governmentbacked buffer fund

The fund is late in repaying 1.7bn pesos in debts to Petron which is expected to shoulder the interest costs itself. After July, petrol pump prices will track global prices.



loans of \$220m

By John Ridding in Hong Kong

Asia Sateilite Telecommunications, the Hong Kongbased satellite consortium, is considering floating on the stock market as a means of refinancing loans of about

US\$220m, it said yesterday. We have been examining the possibility of refinancing some of our existing loans and we have lots of different options," said Mr Bill Wade, deputy chief executive.

Mr Wade said that the coosortium had recently completed the financing for Asiasat 3, its third satellite, which is due to be launched next year. There appeared to be economic advantages from an early exit from the financing arrangements so that is what wa are thinking about."

Asiasat said that it had

talked to several financial institutions about Its plans. Although the consortium declined to comment on possi-

ble details of any flotation, it is thought the group would list on the Hong Kong and New York stock exchanges. Goldman Sachs, the US investment bank, is thought to be among the consortium's advisers on a possible listing.

Mr Wade said the moves being considered reflected financial incentives rather than a desire to restructure the shareholdings of the consortium. At present, Asiasat is able slot.

owned in equal parts by Hutchison Whampoa, the Hong Kong conglomerate; Cable and Wireless, the UK telecommunications group; and China International Trust and Investment Corporation, Beijing's main investment vehicle.

Investment analysts in Hong Kong said a listing would not be unusual. Panamsat, the privately-controlled global satellite operator, listed on the US Nasdaq exchange in September

"It is an industry with unusual risks, many of which relate to the launching of satellites," said a telecoms analyst at one US investment bank. "But there is strong demand for satellite capacity, particularly in the Asia-Pacific

Asiasat 3, which will be used for digital communications including TV distribution and business networks, will be the first of the consortium's satellites launched by a non-Chinese vehicle.

The group confirmed last month that the satellite would be launched instead by Russia's Proton system. Asiasat said the decision on

the launch had been taken before a Chinese rocket, a newgeneration Long March, blew up in February. The consortium said that it was seeking to launch Asiasat 3 as quickly as possible and that the Proton launch was the earliest avail-

Asiasat considers | The chips are down in Taiwan

float to refinance | Falling PC demand is forcing semiconductor groups to cut targets

Taiwan's semiconductor manufacturers

The halcyon days of Taiwan's computer chip industry are over as semiconductor prices plummet and personal computer sales sag, prompting one chip maker to slash earnings targets and a group of investors to scrap For Taiwan, one of the

world's biggest producers of semiconductors, this is likely to be the beginning of a round of deep cuts in earnings fore-casts and delays in plans to expand capacity

People in the industry are gradually accepting the fact that this will be a bad year and next year could be even worse due to overcapacity and slower than expected personal computer sales," says Mr Derek Tien, an electronics analyst at Barings in Taiwan.

Taiwanese investors have woken up to the chip industry's price woes, sending share prices in the electronics sector a market darling for the past two years - into a tail-spin.
Although few companies

have announced changes in strategy, many are believed to be considering delaying the expansion plans under way at nearly all of Taiwan's chipmakers.

But some companies are calculating that, with increased capacity, the unit cost will come down and help offset reduced prices, analysts say.

They'll try to make up the difference in volume but prices of more than 70 per cent they're basically going to shoot in recent months. The comthemselves in the foot," says Mr John Nelson, bead of research at brokerage Jardine Fleming's Taiwan office.

not necessarily for the compa-nies themselves. "I don't see any existing local [semiconductor) companies going under, because they have a lot of cash saved up, but I'm a bit worried about the new entrants," says Mr Seth Peng, an electronics analyst at BZW. Winbond Electronics, Taiwan's third-largest manufacturer of integrated circuits, recently nearly halved its 1996 sales and profits targets following falls in static random access memory (S-Ram) chip

Despite price falls, the semi-

conductor business is still prof-

itable. Profits have been

more moderate levels - bad

news for share investors, but

pany cut its 1996 pre-tax profit target from T\$12bn to T\$6bn (\$221m) and the sales target from T\$26bn to T\$16bn, sending its shares sharply lower.
Winbond is the world's leading maker of high-speed S.Ram, or cache, chips, according to a company spokesman. Mosel Vitelic, the only Taiwan semiconductor concern to

memory chips, is expected to follow suit shortly. Mr Brian Appleby, a spokes-

design as well as manufacture

computer maker, says the compeny has no plans to change its results targets for this year. despite falls of some 50 per reduced from earlier "obscenely" high margins to cent in dynamic random access memory (D-Ram) prices since

last year. Acer is the largest shareholder in TI-Acer, Taiwan's biggest maker of D-Ram chips. The expansion programme under way at TI-Acer would not be affected, Mr Appleby says. "We see this as an opportunity. In a difficult price environment the weaker players tend to drop out, and we see ourselves as a very strong player." Unlike other chip makers, 50 per cent of TI-Acer's production is consumed internally.

Taiwan Semiconductor Manufacturing Corp (TSMC), one of the world's leading pure foundry chip plants (fabs) and Talwan's biggest chip maker, is going ahead with its expension programme as planned, an execu-tive said. A foundry produces chips designed by other companies on contract and does not make its own products.

Other chip-makers, including Winbond and United Microelecincreasing the foundry propor- players." tion of their business in man at Acer, Taiwan's largest response to falling chip prices

as sales are secured. UMC is continuing to increase capacity but will raise the foundry por tion of its sales to more than 50 per cent this year, from 29 per cent in 1995.

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The new entrants could face a tough time as their fabs will come on line as prices are at their lowest in several years. In March, a planned joint venture chip fab project between Hewlett-Packard and Taiwanese partners was cancelled.

D-Rem projects by Nan Ya Plastics, Taiwan's leading petrochemical company, and Powerchip, a joint venture fab between Taiwan's Umax group and Japan's Mitsubishi Electric, are both proceeding as planned and will start production later this year.

But analysts say the groups will probably be unable to recoup their large capital investments - in the range of US\$1bn each - within two years. "It takes a lot of time to learn how to run these fabs so you can increase yields [that is, cut down the percentage of faulty chips), which is the crucial factor in this business," says Mr Tien at Barings. "In a highly competitive price environment, it may not be profittronics Corp (UMC), are able for the less experienced

Laura Tyson

SOCIETE GENERALE DE BELGIQUE

Société Anonyme

Incorporated in Brussels by Royal Decree dated 28 August 1822 Registered Office: 30 rue Royale, 1000 Brussels. Register of Commerce of Brussels: Nr 17.487

The Board of Directors is pleased to invite shareholders so assemble at the Company's registered office, rue Royale 30, on Wednesday 15 May 1996 at 18.30am • for the Ordinary General Meeting, in accordance with the terms of Article 22 of the Articles of Association, to vote on the following agenda:

AGENDA 1. Board of Directors' and Anditors' reports for the 1995 financial year.

3. Discharge in the members of the Board of Directors and in the Andirors:

2. Approval of the Company's annual account Proposal to approve the annual accounts as at 31 December 1995, including the distribution of a set divided of BBF 87, which will be amounted up in BBF 98.60 upon presentation of the corresponding coupon "strip VVPR" with the ordinary coupon.

Proposal to discharge the members of the Board of Directors and the Auditors from the performance of their functions during the 1995 financial year.

4.1. Proposal to elect definitively Mr Alain Seugé, who was designated on 6 September 1995 as director by the Board of Directors in terminate file mandate of Mr Alain Chaigneau.

4.2. Proposal to renew the mandate of director of Mr François Jaclot, designated by the Board of Directors on 13 February 1996 to replace Mr Jean Arvis, who has resigned. 4.3. Proposal to elect Mr Hugo Vandaminte as director to replace Baron Jean Godesus, who is

4.4. Proposal to coufer to Baron Jean Godeaux the bonorary membership as director. 4.5. Proposal to confer to Baron Guy de Wouters, on the occasion of his retirement, the

* at the and of said meeting, for the Extraordinary General Meeting to vote on the

AGENDA

1. Assendment to the Articles of Association:

n in order to bring them late line with the sions of the laws of 7 and 13 April 1995 which introduced an

Li Article I

Add the following sentence to paragraph one: "It is a company which makes or has made "public offerings of securities."

1.2 Article 4

Replace paragraph three with the following: "Shareholders may at any time apply for heir shares to be converted, at their own expense, into one of the other forms spe

"in paragraph one of this Article". ons will take effect as from the date of entry into force of the Royal Decree(s) to be issued in implementation of Article 41. \$ 1bis, paragraph 4 and, if applicable, Article 52 oction 1, paragraph 3 and Article 52 oction 7 of the Coordinated

Replace paragraph one with the following: "Part de résorve shares are in bearet, ialised or registered form."

Laws on Commercial Compani 13. Atticle 5

Add a account paragraph worded as follows: "The Board of Directors is also authorised to "sell the company shares on the stock exchange or is my other way. In order to save the
"company from serious and imminent hums, the Board of Directors is authorised to sell
"the shares on the stock exchange or offer them for sale at the same terms to all the
"shareholders. The latter authorisation shall be valid for a period of three years as from the date of publication of this amendment to the Articles of Association decided by the sting of 15th May 1996, and shall be renewable according to the statutory

Add a third paragraph worded as follows: "These authorizations are subject to the same "conditions for acquisition and sale of the company shares by its arbsidizates as specified "in Article 52 quinquies, § 1, paragraph 2 of the Coordinated Laws on Commercial

L4. Article II

Add a fourth paragraph worded as follows: "In exceptional circumstances which warrant "such action due to their argent nature and is the company's interest, the Board may take "decisions on the basis of the manimous written agreement of the Directors. However, "this procedure may not be used for drawing up the annual accounts or for milisation of "the authorised capital".

Replace the accord paragraph with the following: "All shareholders are entitled to attend the General Meeting provided that they deposit their beaver shares at the company's "registered office or at one of the other places mentioned in the notice or that, in the case "of dematerialised shares, they deposit an attention by the approved custody account "holder or clearing body confirming that their shares are not available up until the date of "the Meeting or that in the case of registered shares, they give notice that they wish to "assend the Meeting, these formalities must be completed on later than five business days "prior to the date of the Meeting".

This smeadment will take effect on the same date as the amendments relating to Article 4 of the Articles of Association. Delete the second senemes of paragraph three.

This amendment will take effect on 1 July 1996. 1.6. Article 21 Add the following semence to paragraph five: "Copies to be sent to third parties shall be signed by two Directors".

This amendment will take effect on 1 July 1996. 2. Acquisition by the company of its own shares.

Propotal to entitle the company to proceed to the acquisition on the stock exchange, of a maximum number of 2,100,000 shares at the minimum price of BEF 1,800 and the maximum price of BEF 3,000, during a period of pweive mouths as from the date of the Geograf Meeting of 1996 till the General Meeting of 1997.

Proposal to grant the Board of Directors the powers required to execute the resolutions taken.

In corder to stiend these meetings, the shareholders should, in accordance with the terms of Article 19 of the Articles of Association, deposit their shares by Wednesday S May 1996 at the latest at the Company's registered office or at one of the following banks:

Generale Bank Banque Indotuez Belgique Banque Indotuez Banque Générale du Luxembourg le France Société de Banone Suisse Union de Banques Suisses

In Commen Generale Bazik & Co Without prejudice to the terms of Article 74, §2, pars 2 and §3 of the Coordinated Laws on Commercial Companies, the shareholders who wish to be represented should use the form of proxy which is available on request. All precises should reach the Company's registered office as soon as possible and by Mooday 13 May 1996 at the very latest, which date was laid down by the Board of Directors in secondaries with the terms of Article 20 of the Articles of Association. accordance with the terms of Article 20 of the Articles of Ass

Ph, LIOTTER Chief Executive Officer

E. DAVIGNON Chairman

Brussele, 26 April 1996.

The Board of Management of Akzo Nobel N.V. – formerly Akzo N.V. – announces that the Annual Meeting of Stockholders, held in Arnhem on April 25, 1996, has decided to distribute for the fiscal year 1995 a dividend of NLG 7.00 per common share of

NLG 20. An interim dividend of NLC 1.50 was made payable on November 20, 1995. The final dividend of NLG 5.50 per common share, less 25% withholding tax, will be payable from May 13, 1996.

Paying agents in the United Kingdom: Bardays Global Securities Services 8 Angel Court Thogmorton Street London EC2R 7HT

Coupon No. 46 is to be surrendered to:

Midland Securities Service Paying Agency Section 5th Floor Mariner House Pepys Street London EC3N 4DA

U.K. Residents Dividends so payable for U.K. residents will be paid less 15% withholding tax, and U.K. income tax will be deducted from the gross

Residents of other countries For residents of countries other than the United Kingdom with which the Netherlands has concluded a Convention for the Avoidance of Double Taxation, the rate of withholding tax (if any) will be adjusted upon presentation by the authorized depository of the necessary documents (Form 92, etc.).
If no such form is submitted, withholding tax
will be deducted at the rate of 25%. United Kingdom tax at the standard rate will be deducted unless claims are accompanied by the appropriate affidavit forms. information concerning any of the above-mentioned documents may be obtained from Barclays Global Securities Services and Midland Securities Service.

Amhem, April 26, 1996 Alczo Nobel N.V., the Netherlands

APPOINTMENTS **ADVERTISING**

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

please call: Andrew Skarzynski

For further information

Toby Finden-Crofts on +44 0171 873 3456

+44 0171 873 4054

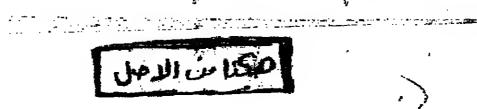
This setwardsoment is inseed to compilished with the requirements of the London Starck Technique Lancard (she "London Starck Enchange"). It does not constitute an office of invitation as the public to reductive few of particles any abuse. Application has been made to the London Starck Exchange for all the shares of 25 most of The AIM True pic inseed and not to be marted presente to the Particing on the abuselone of the Official Line. It is compound that having will become affective and that dealings in the shares will connected on Througher 16th. The AIM Trust plc

SBC Warburg

Placing of up to 50,000,000 Ordinary Shares

at 100p per share

A DIMISION OF SWISS BANK CORPORATION SSC Warturg I Plantury Avenue London SCSM 279



Ibstock wins tussle for Redland Brick

to lift profit

Ibstock, the building materials group, has emerged as the sur-prise buyer of Redland's UK brick interests, paying £160m (\$242m) to become the country's largest brick manufac-

The company is financing the proposed acquisition with a 2-for-3 rights issue at 55p a share, to raise £100m net of expenses. The cash will be returned to shareholders if the deal, which gives Ibstock 35 per cent of the UK brick mar-ket, is referred to the Monopo-lies and Mergers Commission.

Ibstock unveiled an 88 per cent increase in pre-tax profits to

However, the company warned that severe weather in the US and tumbling pulp prices meant that profits for the first half of 1996 would be considerably below last year.
The acquisition would enable Ibstock to deposa Hanson,

brick manufacturer. Business combinations resulting in a market share of more than 30 per cent are usually referred to the MMC on

which has market share of 31 per cent, as the UK's largest

the recommendation of the Office of Fair Trading. This had led many in the industry to discount Ibstock as a potential buyer for Redland

Redland Brick is the UK's third largest manufacturer with market share of 16 per cent. The company manufac-tures from 17 plants and produced operating profits of £11m on turnover of £85m in 1995. The net assets being acquired are £147m, including large reserves of clay. Redland is keeping investment properties valued at £15m which it plans



Ism Maciellan (left) and Peter Aspden: Ibstock will become UK's largest brick makes

Destocking at ICI likely to leave second quarter lower

Imperial Chemical Industries, yesterday warned that second quarter profits would be lower han last year, as it unveiled a 9 per cent fall in first quarter pre-tax profits amid "tough trading conditions". The shares closed down 28p at 926p.

Mr Alan Spall, finance director, said the group had seen sales in continental Europe fall by 9 per cent, in volume terms, in the first three months. However, he was "optimistic that volume growth will resume in

London agency headed by Mr John Stace, Lloyd's deputy

chairman, is to acquire a rival agency in a deal which will

make it the biggest group

advising investors at the 300-

year-old insurance market,

Stace Barr, which acts as an

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writes Ralph Atkins.

RESULTS

but Energy

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Langdomi Foo Liuton Pack .

Pre-tax profits excluding exceptionals fall to £202m (\$305m) on sales up 3.7 per cent

at £2.57bn, in the first quarter. This figure compared with pre-tax profits of £193m on sales of £2.56bn in the fourth quarter of last year, the most difficult period experienced by the chemical industry in many

From the middla of last year manufacturers began running down their stocks of raw materials, leading to a sharp fall in demand for chemicals. Destocking had continued into the first quarter in indus-

well as the new generation of

corporate investors at Lloyd's,

is to merge with the "mem-bers" agency business of the

Wellington agency. Wellington

will continue to run "manag-

ing" agencies, running insur-ance syndicates at Lloyd's.

The deal will create a group

1.75L 3.38 14.14 2.42 15.1 0.096L 0.1524 0.468 4.75 26.14 2239 4.414 1.82

Lloyd's agencies to merge

Stace Barr, the Lloyd's of adviser to traditional Names as

1.85: 72.7

161.2 21.57 87.7 12.8

201.8 8.35 46.1 250 2,568 63 19.8 2.1 1.92

174.8 6.80

trial chemicals, which last year accounted for half of trading profits, said Mr Spall. As a result, operating profits fell by 89 per cent, to £87m, on sales down 8 per cent, at £1.1hn.
The group had also seen
"some slippage" in prices for

its polyester plastic, used to make bottles. Explosives division, operating profits fell from £11m to £2m, on sales of £189m. This fall occurred mainly in the US. where the group had experi-enced a "miserable" first quar-ter, and faced "uncertain" liti-

ing business worth £900m

(\$1.36bn) a year, about 10 per cent of Lloyd's capacity. Stace Barr and Wellington

have co-operated for the past

three years on syndicate

research via a joint venture

company, SBW Insurance

(B.6L) (16.6) (14.9)

(21.1) (7.9) (5.01)

(0.77L)

3.8L 7.2 15.3† 7.1 9.59 0.37L 3.3 10.98 6.67 18.3 4.58 41.† 0.15

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the Takeover Code. Salomon Brothers bought the 27m shares and sold 24m of them almost simultaneously through ABN Amro Hoare Goyett, another Rentokil broker, to an associate company advising investors underwritof the bidder.

Rentokil

The fate of Rentokil's £2bn

(\$3bn) bid for BET, the rival

business services group, hung

in the balance last night after a claim that the predator's

advisers had broken takeover

rules. The hotly contested

The Takeover Panel was con-

sidering BET's contention that the sale on Tuesday of a 2.8 per cent stake in its shares by the marketmaking arm of SBC

Warburg, one of Rentokil's

stockbrokers, was in breach of

offer is due to close today.

BET argued that this broke Rule 38 of the code, which forbids a marketmaker connected with a bidder or target from making any dealings which helps its client's cause. It asked the panel to block Rentokil's counting the shares towards its acceptances.

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4.65 1.8 2.65 ml 5.75 0.983

Demand for buses bid awaits **buoys Trinity** Panel ruling

Strong demand for buses in the UK allowed Trinity Holdings, the specialist vehicle manufacturer, to improve annual profits by 22 per cent.

Although the figures were in line with analysts' forecasts, the shares fell 27p to 404p after the group disclosed higher than expected losses from its joint venture in Malaysia.

Mr Stephen Burton, chief executive, sounded optimistic about prospects, saving that it had a record order book at the beginning of the year equivalent to six months sales.

Exports were 28 per cent higher at £82,8m (£64,5m), representing 40 per cent of sales, buoyed by strong bus sales in Malaysia and Ghana. Dennis Specialist Vehicles, the group's largest operating company,

after its UK bus registrations grew by 37 per cent and coach registrations by 45 per cent. Mr Burton said that the market had been strong last year because the fleet of buses in the UK was now very old and because of the growth of private bus companies, which have been investing heavily. However, losses from the

increased sales by 40 per cent

group's 34 per cent stake in a Malaysian joint venture trebled to £600,000 (£203,000) after margins were well below the group's expectations.

Dennis Eagle, which makes refuse vehicles, increased sales by 16 per cent, with exports doubling, while Carmichael International, the fire-fighting vehicle maker, recorded a significantly improved performance after undergoing a restructuring in the last year.

Casual wear trend fails Austin Reed

By Simon Kuper

Austin Reed, the up-market both sales and margins fell on clothing group, said that pretax profits dropped from £7.1m to £3.4m (\$5.13m) last year because the womenswear collection lacked appeal.

Sales were 2 per cent ahead at £72.7m (£71.1m) for the year to January 31. Retail profits tumbled from £3.5m to £1.1m, manufacturing fell from £1.2m to £1.1m.

The group had tried to broaden its market by producing women's clothes that were

than Reed's usually are. But womenswear, which represents a fifth of group sales.

Reed has since returned to a more tailored look for women's clothes. This and the recovery in UK retail have raised likefor-lika group sales 8 per cent so far this year.

Reed's shares rose 5p to 244p - back to the October 1994 record level Ms Joan D'Olier, analyst at NatWest Securities, forecast pre-tax profits of £4.9m for a forward p/e of 23.2.

LEX COMMENT

ICI's shares have outpaced the UK stock market by a tenth this year because of the belief that the chemicals FT-SE-A Alt-Share inclex group was riding out the industry's current downturn

better than its rivals; and that it was about to launch a share buy-back. Yesterday's poor first quarter results poured cold water on both those hopes. On the trading front, the most worrying sign is the sharp drop in prices for polyester, which goes into fibres and plastic bottles. This accounted for an estimated 15-20 per cent of ICI's profits last year and

is supposed to be a growth market as plastic bottles replace glass and tin. But, as so often in the chemicals industry, the anticipation of growth has attracted the bulk producers like flies around the honeypot. Eastman, Shell, Amoco and numerous east Asian groups are bringing on new plants. After jumping by 30 per cent last year, this looming overcapacity has sent prices sharply into reverse during 1996. ICI, in a bid to bring sense back to the market, has delayed its own

capacity expansion in polyester.

This unwelcome experience will only prompt the group to accelerate its shift away from basic commodity chemicals into higher-margin products like paints and acrylics. The strategy looks correct, but buying such downstream assets is costly: ICI paid an expensive one times sales for Bunge paints in South America. That suggests it will want to maintain balance sheet strength, especially as it is unclear whether trading will pick up in the second half as management expects. That auxurs against a buy-back soon and leaves the shares looking high

DIGEST

Overseas advance for David Brown

David Brown Group, the specialist engineering manufacturer, yesterday reported a 13 per cent increase in profits following increased overseas sales of its industrial gears and rising

demand for new component products,
Mr Chrls Cooke, joint chief executive, said the improvement was fuelled mainly by higher contributions from the mobile drives business and the industrial gears division, which was expanded last year with the £13.8m acquisition of four manufacturing operations from the David Brown family.

Ramco sees Azerbaijan cash

Ramco Energy, the independent oil company which is heavily involved in the development of oil in Azerbaijan, expects to receive the first cash from its largest project towards the end

Ramco, one of the pioneers of oil development in the former Soviet territories, disclosed a sharp fall in 1995 pre-tax profits sterday, from £1.62m to £754,000 (\$1.14m). Turnover fell to £6.89m (£7.57m), following an expected smaller annual payment from Pennzoil, the US oil company whose interest in the ACG project is carried by Ramco. The payment will rise again next year from \$2.5m to \$3m.

Judgment awaited on Mid Kent

Mid Kent Holdings, one of England's smaller water companies, and two potential French predators yesterday finished presenting their arguments in a High Court case to determine whether the latter can proceed with a planned takeover bid. The judgment is expected next week, Mid Kent said.

Leula Boulton

(7.1) (72.1) (72.7) (73.7) (73.7) (73.7) (73.3) (73.3) (73.3) (73.3) (73.3) (73.3) (73.3) (73.4) (73.8) (73.8) (73.8) (73.8) 0.141 9.77♥ 0.754 8.51L (12.77) (1.62) (2.67L) . 13 miths to Jan 31 🖈 6 miths to Dec 31 4.83Lt (2.24L) 59.5 (0.196L) (13.1) Yr to Jan 31 208.1 investment Trust _____Yr to Jan 31 378 (270) ____Yr to Mar 31 * 309.8 (244.4) (0.521L) (19.4) 1.54 5.93 Earnings shown basic. Dividents shown net except Agross throughout. Rigures in brackets are for corresponding period. AATer exceptional charge. VAlter excep

Blyvooruitzicht Gold Mining Company, Limited

(Registration number 05/09743/06) (Incorporated in the Republic of South Africa) ("Blyvooruitzicht")

RESULTS OF THE RIGHTS OFFER

Rand Merchanz Bank Limited and Société Générale Stranss Throball Securities Limited are authorised to announce the results of the rights offer by Styvoorubzicht of 6,599,993 linked units (each linked unit comprising one ordinary share and one option to subscribe for one ordinary share) at 600 cents per linked unit. The rights offer closed on Friday 19 April, 1996.

Huled unit. The rights other closed on PROM 19 April, 1990.
Subscriptions and applications for additional Huled units totalled 14,224,819 linked units (a total subscription of 215.53% of the Huled units available). Shareholders and/or their renounces subscribed for 6,293,684 Huled units, equivalent to 95.36% of the number of linked units offered. Applications for additional linked units totalled 7.931,135 linked units, equivalent to 120.17% of the number of linked

The 306,309 linked units available for allocation to applicants for additional shares have been allocated as thows:

where applicable all applicants will have their shareholdings rounded up to the nearest whole number
of 100 linked units to prevent the creation of odd-lon;

applicants will be allocated 3.6% of their application for additional linked units rounded down to the

Certificates in respect of the ordinary shares and options issued pursuant to the rights offer, and refund cheques in respect of unsuccessful applications for additional linked units, will be posted on or about Thesday 30 April, 1996.

26 April, 1996



MERCHANT BANK LIMITED zion Number 68/13988/06)



SOCIETE GENERALE
STRAUSS TURNBULL SECURITIES LIMITED (A member firm of the Securities and

BRITANNIA BUILDING SOCIETY

18.75

Issue of up to £50,000,000 Floating Rate Notes Due 2005

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three month interest period from (and including) 25th April 1996 to [but excluding) 25th July 1996 the Notes will carry a rate of interest of 6.6875 bergent new more Trees. Notes will carry a rate or moreus of 6.6875 per cent per annum. The relevant interest payment date will be 25th July 1996. The compon amount per £1.000,000.00 Note will be £1.677.39 payable against surrender of Coupon No. 26. Hambros Bank Limited Agent Bank

USD 372.000.000 SUBORDINATED FLOATING ISIN CODE : 680048179054 For the period April 25, 1996 to

October 25, 1996 the new rate has been fixed at 6,1125 % P.A. Net payer da : Junior 25, 1996 Coupon rr: 17 Amount: USD 31071,88

USD 1 000 000 The Principal Paying Agest SOCIETE OFNERALE BWK & TRUST-LICENSOUNG

for the denomination of

APPOINTMENTS ADVERTISING

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AssiDomän

ANNUAL GENERAL MEETING

Notice is hereby given to shareholders in AssiDomān AB (publ.) that the Annua) General Meeting of the company will be held at 3.00 p.m. on Monday, May 20, 1996 at Stockholm International Fairs, Mässvägen1, Alvsjö, Stockholm.

NORICATION, ETC.

Shareholders who wish to participate in the Annual General Meeting shall

Finance, S-105 22 Stockholm, Sweden.

be entered in the register of shareholders maintained by Vardepapperscentralen VPC by Friday, May 10, 1996. notify the company by no later then 4.00 p.m. on Wednesday, May 15, 1996. Such notification may be given by telephoning +46 (20) 93 71 71 or +46 (8) 728 08 00, by faxing +46 (8) 728 08 74, or by writing to AssiDomán AB, Group Staff Control and

When sending notification, shareholders should state their name, personal identity number or company registration number, and their address and telephone number. Shareholders whose shares are registered in the name of a nominee through a bank or securities institute, must temporarily re-register their shares with VPC in their own name by Friday, May 10, 1996 in order to participate in the Annuel General Meeting. Requests to have shares reregistered should be submitted well before May 10, 1996. AssiDomán will confirm receipt of notification by sending an entry ticket to be presented at the entrance to the

1. Opening of Meeting and election of chairman of

2. Preparation and approval of voting list.

Approval of agenda

Election of two adjusters to approve the minutes together with the chairman of the Meeting. Resolution concerning the proper convening of the

6. Presentation of annual report and consolidated financia) statements and the report of the auditors

on these reports. • 7. Resolution concerning the adoption of the parent company profit and loss account and balance sheet. and the consolidated profit and loss account and

balance sheet. 8. Resolution concerning the treatment of the parent company's unappropriated earnings as stated in the parent company balance sheet.

Resolution discharging the Board and the President from liability for the financial year. 10. Resolution concerning the number of members and

deputy members of the Board. Resolution concerning the fee to be paid to the Board. 12. Resolution concerning the fee to be paid to the

Election of members and deputy members of the Board.
 Election of auditors and deputy auditors.

ELECTION OF MEMBERS OF THE BOARD AND AUDITORS Shareholders who together represent shares controlling some 56 % of the votes in the company intend to recommend that the following members of the Board be re-elected: Lennart Ahlgren, Hans Carlsson, Annika Christiansson, Bo Dockered, Matts Ekman, Ingrid Flory, Bertil Hagman, Olof Lund, Anna-Stina Nordmark and Per Tegnér. Bertil Denielsson is not standing for re-election. It is proposed that Thomas Jansson and Stefan Holmström, authorised public accountants, of KPMG Bohlins AB, be reelected as euditors. It is proposed that Anders Holm and

2.30 p.m.

The Board proposes that a dividend of 5.00 kronor per share be paid. Thursday, May 23, 1996 is proposed as the date of record for entitlement to dividend. Provided that the Annual General Meeting resolves in accordance with this proposal, it is expected that the dividend will be distributed by VPC on Friday, May 31, 1996.

Olle Wallinder, authorised public accountants, of KPMG

Bohlins AB, be re-elected as deputy auditors.

PROGRAMME FOR SHAREHOLDERS

Doors open to Stockholm international Fairs. Exhibition of packaging past and present. 1.00-2.30 p.m. Light refreshments will be served. Doors open for Meeting in the Victoria Hall.

Opening of Annual General Meeting. Stockholm, April, 1996 AssiDomān AB (publ.) Board



5:t Eriksgatan 117, 105 22 Stockholm. Tel: 08-728 08 00 Fax: 08-728 08 74

TECHNOLOGY

edical history was made this year when a doctor performed remote surgery on a patient in another country. Luc Vanderheyden, a Belgium-based surgeon, diagnosed a hernia in a patient in the Netherlands, some 140 miles away. His equipment originally devised by Nasa for emergency operations in space – was a joystick and a computer screen linked to a robotic arm.

"In the future, the far future, you could have a team of the very best surgeons, all located centrally, and have remote-controlled theatres scattered around the country," Vanderheyden said afterwards.

He is not alone in his vision of long-distance surgery. Brian Davies of Imperial College in London has built a remote robotic system. As well as supplying visual feedback to the surgeon, it has e control system that monitors resistance to the scalpel. This increases the surgeon's control over the operation, since it translates his or her movement of the instruments into smaller, more precise, movements of the scalpel.

Davies says that the results are encouraging but more research is needed: "The whole area of tactile sensing is in its infancy."

Already the US army is conducting trials on a telesurgery system developed by SRI International, the research institute. Surgeons could treat battlefield casualties remotely. receiving visual and tectile feedback using a virtual reality headset and a glove with sensors. SRI believes the applications of remote surgery could go well beyond the military, specialist surgeons could treat e wider spread of patients.

But even if this vision becomes technically possible, there are doubts that it will ever prove economically and socially scceptable outside the realm of specialist users such as the military.

Suzanne Coles, euthor of e report on Telemedicine recently published by FT Pharmaceuticals and Healthcare Publishing, is sceptical about the take-up of technologies such as

robotic surgery.
"As a novel technology, [robotic surgery] has extremely limited use within mainstream practice, is prohibitively expensive and requires the most advanced support technology to sustain its integration into healthcare delivery," she says.

Telemedicine - the term used to describe the use of computer tech-nology and telecommunications as a substitute for face-to-face contact between doctors and patients - has been the subject of experiments for decades. In 1959, Nasa provided a medical service to communities on an Indian reservation using pioneering technology developed to monitor astronauts in space.

The first generation of telemedicine projects generally failed to take

Routine long-distance surgery is increasingly possible, says Vanessa Houlder, but several hurdles remain

Operations from afar



Long-distance: surgeons could operate remotely using a virtual reality headest

off. The quality of the images sent down phone lines was low, while patients and their insurers were generally unenthusiastic about the epproach. But many of the obsta-

cles have now been overcome. "In the last decade, telemedicine has enjoyed a popular renaissance driven by significant advances in technology and a reduction in costs. Within the last five years, these advances have made telemedicine a workable reality," says Coles.

A study by Arthur D Little esti-mated that telemedicine could reduce annual US healthcare costs

by at least \$36bn (£24bn) through widespread electronic management of patient information, electronic claims processing, electronic inven-

tory procedures and videoconferenc-ing. Coles believes the remote deliv-

ery of computer-based nationt

records, radiology, dermatology,

pathology and continuing medical

education could offer cost savings

within five years. Already, teleradiology has taken off in some parts of the world. Since 1992, patients in the Middle East and parts of Asia have been able to consult specialists at Massachusetts

General Hospital using teleradiol ogy services provided by WellCare, a US telemedicine company. The key to this service is compression technology which cuts the time and cost required for transmission of medical images while using ordinary telephone lines. WellCare can transmit a radiograph over a voice-grade telephone in six minntes; without 20-to-1 compression, it would take more than two hours.

"The more you can compress images, the more economical the service can become," says Dr Mark Goldberg, president of American Telemedicine International.

Teledermatology is also showing promise in trials. Demand for skin specialists is rising with the incidence of skin cancer, yet rural and semi-rural communities are poorly served by dermatologists who are concentrated in urban centres.

In Powys, mid-Wales, for example, eight family doctor practices use desktop video-conferencing equipment to transmit images of patients' skin conditions to a consultant 50 miles eway. The aim is to cut waiting and travelling times and widen access to treatment.

Some branches of telemedicine will take five to 10 years to be implemented, according to Coles.
One example is breast examinations using telemammography. Although relatively inexpensive, the stringent regulations on the diagnostic quality of the digitised images will make it difficult to implement.

The array of technical solutions stimulated by telemedicine is impressive. But many of the barriers to its widespread implementation are not technical, but social,

ethical or professional. In Goldberg's view, the scepticism of insurers is one of the most importion. They need to be convinced that its benefits exceed the costs before they will agree to reimburse telemedical service

Concerns about data security and data privacy are also serious impediments to progress. And doctors fear telemedicine could make them more vulnerable to litigation, particularly in the US. *Although telemedicine programmes have so far escaped legal attention, widespread implementation in the future will inevitably generate a new market for lia-bility practice," says Coles. The attitude of patients is another

potential stumbling block. Even enthusiasts for telemedicine concede that few patients would feel comfortable undergoing an operation without a surgeon present.

Yet for all that, improvements in technology and demand for wider access to healthcare are likely to provide a stimulus to the development of telemedicine. If telemedicine becomes legally and socially acceptable, it could sava money,

MANAGEMENT

JOHN KAY

A down-payment to curb bid fever

It has been easy to fill the news columns of the Financial Times these last few weeks. Who will win the battlc between BET and Rentokil? Will BT buy Cable and Wireless? Or is it better for

Cable and Wireless to buy BT? National Power has bid for Southern Electric. Or then Southern Corporation might buy National Power.

With Ian Lang's welcome reassertion of the primacy of competi-tion in Wednesday's decision to block two bids in the electricity industry, we have a new chance to take stock. Some of these bids make sense. But mostly they result from managerial self-ag-grandisement. Companies with too much money are itching to hand it to merchant bankers or the shareholders of target firms.

The folks in Washington make lots of calls to New York, and the residents of New York often call the good people down in Washing-ton. Perhaps that makes it logical that the same company should provide the phones at both ends. And perhaps Nynex, which owns all the lines in New York and enough to compete with all those other telecoms companies which are frantically making alliances with each other. Or maybe Bell

Atlantic just loves a deal.

Mostly, we would be better off if the executives involved spent more time minding the store rather than negotiating to buy each other's stores. There is now a wide range of academic studies of post-merger performance which points to the conclusion that, taken as a whole, merger activity adds little or no value. Indeed this management preoccupation with changing the boundaries of the business, rather than improving its operating performance, may have become a real competitive disadvantage for British and American companies.

We need to put sand in the wheels of the takeover mechanism, not to bring it to a halt, since some bids are necessary and justified. More than that, the threat of takeover at present is the

only important mechanism of exists. The main proposal extant to put that sand in the wheels is to reverse the burden of proof in Monopolies and Mergers Commission investigations. Today the MMC can reject a merger only if it finds damage to the public interest. Better to make the parties show there are positive benefits to the public interest.

But that would not be enough. It is easy to envisage the resulting eloquent submissions to the MMC. I know, I have written them. The clichés are all already on my word processor, there is the need for critical mass: the ever-increasing intensity of global competition; that convergence of technologies which demands fresh thinking

about industrial structure. It is no easy task for the MMC to determine whether there is anything in these assertions. The way forward is to force companies

We need to put sand in the wheels of the takeover mechanism, not bring it to a halt

which make these assertions to put their money where their mouth is. When a merger has a potential anti-competitive effect - and that is true of almost all those currently under discussion - the parties should be required to demonstrate a specific benefit from the takeover to UK consumers. And the bidder should be required to put up a cash deposit - say 5 per cent of the acquisition cost against subsequent demonstration to the Office of Fair Trading that the claimed benefits have actually been realised.

This idea is not as novel as it sounds. It is essentially the for-mula which Ofwat, the water regplator, and the MMC have applied to the recent mergers in the water industry. They have exacted specific and identifiable reductions in charges to water company customers as the price for the reductions in comparative competition which consolidation implies.

That concept has wider applica-

tion. The 5 per cent figure is small managerial accountability that in the context of the sums which changes hands in takeovers. It is less than the typical difference between the sighting shot and the second bid in a contested battle such as Granada/Forte or Rentokil/BET. It compares with e level of takeover premium which has historically averaged around 25 per cent, implying that consumers might anticipate a fifth of the gains which the acquirer expects to obtain from the takeover. Hardly an unreasonable share. If market forces could not ensure that customers got at least this fraction of the gains anyway, com-petition in the market is already inadecuate.

But while small in the context of the overall consideration, 5 per cent is large enough to imply big sums of money. Rentokil would need to put down £100m or so: for Southern to get National Power it would need to find the best part of

At the current pace of merger frenzy, the chancellor might expect to receive enough this year to knock a penny off income tax. The chancellor might, of course, have to give that money beck when the companies concerned proved the advantages which their customers had derived from the acquisitions. Granada, which celebrated its acquisition of Forte by raising hotel prices, would begin from some way behind the starting line, but others might find it easier.

If companies used the argument that it would be too difficult to identify specific benefits, that would tell us everything we need their proposals. And if they claim it would be too costly to provide the necessary information, then I am willing to undertake the invesfigations required for a fixed fee which would look very small by the standards of remuneration which professional advisers apply to takeover bids.

Companies themselves would be forced to look very carefully at whether mergers had yielded the gains they expected, and the results of their self-examination would be on public record. That process might in itself be the greatest check on deal mania.

BARCLAYS

BARCLAYS BANK PLC

£22,254,209 Property Index Certificates 1996 ('PICs 1996') **8,600 Barclays Property Index Certificat** 8 1997 (LICS 1991. £11,476,200 Barclays Property Index Certificates 1997 £11,648,300 Barclays Property Index Certificates 1997 £21,461,300 Barclays Property Index Certificatee 1998 ('PICs 1998')

The Interest Payment payable on 15 April, 15 July and 15 October 1996 and on 15 January 1997 in respect of each £100 in nominel amount of the Certificates is £1.64 in respect of the PICs 1996 and £1.87 in respect of the other Certificates.

is -20.04 in respect of the PICs 1996 and -20.01 in respect of the PICs 1997 and the PICs 1998.

The Annual Index for 1995 was 378.82803.

Calculation Agent

In accordance with the terms and conditions of the above certificates (the 'Certificates'), notice is hereby given that Investment Property Databank Limited has certified that the Forecast Annual Index Income Return for 1996 is 7.7%.

The Adjustment for 1995 in respect of each £100 in nominal amount of the Certificates

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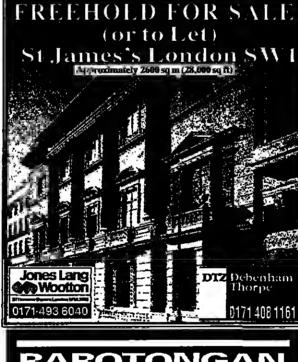
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Property Management

on Friday, May 24

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FT Property

COMMODITIES AND AGRICULTURE

Latin America favoured for mining finance' By Kenneth Gooding, Mining Correspondent Latin America." Level of maturity as thet of Latin America." On the other hand, Africa of its pension funds and menis?" Another view of the "best America" Another view of the "best America"

emerging countries that are scrambling to compete for funds for mining projects. But the former Soviet Union will have increasing difficulty in raising capital, according to Mr Gerard Holden, director-derivativa finance, Barclays Metals Group, part of the UK-based

Hs pointed out at the investment in the Americas conference in Bal Habour, Florida, that Barclays, along with the European Bank for Reconstruction and Development, was the first to arrange finance for a mining venture in the Commonwealth of Independent States and had therefore seen first-hand many of the prob-

today's highest political risk areas for investment".

Mr Holden addsd: "We believe investors will not continue to favour an area which features crumbling infrastructure, bureaucratic delays, ques-tions over title and ever inflating capital and operating

Another region that had recently seen a rush of interest by mining companies was Sonth East Asia. "However, this region does not seem to have adjusted itself in its new found fame and we believe it will be some time before devel-opers and financiers are prepared to commit the substan-tial amount of resources required to bringing the region's industry to the same

also faces its second successive

supply deficit, the study group

consumption this year is likely

to rise by 1.8 per cent from the record 7.37m tonnes in 1995 to

Meanwhile, zinc metal out-

put is predicted to increase by

7.5m tonnes.

It forecasts that global zinc

ties which we believe are necessary to make it attractive as an emerging market," said Mr Holden. "Specifically, almost the entire continent is highly prospective for minerals; there is a general sentiment of attraction to foreign investment and the mining industry is undergoing a determined thrust (with the encourage-ment of the World Bank) towards privatisation of state

industries." Dealing with Latin America. Mr Holden said Chile was the only country which was "developed and readily financeable". Unfortunately, however, Chile's domestic financial mar-ket had failed to participate significantly in the financing

This would produce a supply deficit for the year of about 80,000 tonnes compared with a

deficit of 80,000 tonnes in

is forecast to grow by 18 per

cent to 6.36m tonnes while

metal output is predicted to be

Western world consumption

Study group forecasts another zinc supply shortfall

tonnes to 7.44m.

encourage its domestic banks to educate themselves to become comfortable as lenders to the mining sector."

There was a second group of countries that Mr Holden described as "developing and financeable with care". Among them were Argentina, Brazil, Guyana, Mexico, Panama and Peru. A third category, "under-developed and difficult to finance", included Ecuador, Nicaragua and Venezuela. "For these countries the political and country risks are the overriding consideration for poten-tial financiers."

Mr Holden summed up: "The financial markets will come to the assistance of good projects in friendly countries but why

The study group suggests,

however, that the size of the deficit in the western world

may be influenced by a resur-

gence of toll smelting by for-

encouraged by higher tolling

charges because zinc mine

production is set to rise

mer eastern European coup-tries, a practice that will be is predicted in rise by 2.1 per

investments" in Latin America for the next five years was provided by Mr David Beatty, a director of Bunting Warburg, part of the SBC Warburg investment banking group. He picked Argentina, Franch Guiana and Peru as offering the best potential to the year

Silver and zinc were the metals with the best prospects in the next five years, said Mr Beatty. Companies likely to be best placed to take advantage of these trends included Bema Gold, Cambior, Eldorado Corporation, Golden Star Resources, Guyanor Resources, Northern Orion, Southwestern

Global lead demand is fore-

of 1.8 per cent to 5.04m tonnes

cent to 5.55m tonnes while out-

put in the west is forecast to be

up by 2.7 per cent at 4.73m

Once a bost of other Western cast to rise by 1.9 per cent to 5.65m tonnes with an increase

the country," said Mr Rajat

akhstan to triple its gold production, he predicted.
"If it is successfully sold it would be excellent news for

One company said the Kazakh government had unfairly

invitation to bid.

the contract.

the project.

der, sponsored by the Euro-pean Bank for Research and Development, and handed a 50

per cent stake directly to

Placer Dome, of Canada. Placer

Dome paid \$35m up front and promised another \$45m in

onuses, but backed out just

"Placer Dome broke the

hours before it was dne to sign

internationally accepted rules," Mr Bitimbayev said. "It

got a bad reputation in interna-

tional banking circles, and

could not get any financing for

The government, too, ended

up with a bad reputation, and

some of the gold companies that declined to bid cited last

Kazakhstan tries to woo disgruntled gold companies ment bank. "Mining is one of their core industries. It will be

By Sender Thoenes in Almaty

Kazakhstan is trying to make good on a broken promise to put one of the world's largest gold mines up for tender.

Mr Marat Bitimbayev, Kazakhstan's deputy minister for geology, said this week that nine gold mining companies, including Lonrho, the UKbased industrial conglomerate, and Western Mining, of Australia, had expressed interest in buying up to 100 per cent of the Vasilkovskoye mine in northern Kazakhstan.

"This is the biggest gold mine in Kazakhstan," he said, citing proven reserves of 400 tonnes, or 13.4m troy ounces. "We're convinced that if exploration is done properly. you can find another 400 tonnes." he added. Peak production could surpass 12 tonnes a year, almost as much as all other mines in Kazakhstan com-

gold ventures had started pro-duction in coming years, the Vasilkovskoye could help Kaz-

year'a scandal as their main Kohli, mining analyst for MC

pushed it out of two tenders last year, first during the inia key source of revenues." Protial tender for Vasilkovskoye, duction costs at the open-pit then for an exploration project. mine could be around \$175 per "When you get bitten twice ounce, compared with \$212 in you're not going to try again, the US, Mr Kohli said. Despite that attraction, howa company official said.

Mr Bitimbayev said the

ever, major gold producers Kazakhs were "learning from such as BHP, Newmont and RTZ declined Kazakhstan's their mistakes". "Our government had only just started working," he explained. "We had no experi-ence. But there is nothing to The Kazakh government shocked investors last year when it cancelled a similar ten-

fear this time." The government has put no minimum price on the hid and few conditions, but Mr Bitim-bayev said it hoped to attract at least \$300m in investments in reprocessing facilities, exca-vation of the pit and, later, new shafts. Production should peak at 15m tonnes of ore, and the majority of employees

should be Kazakh, he said. Kazakhstan is revising its taxation laws for mineral resources and Mr Kohli said the government appeared inclined to copy the Indonesian legislation, widely praised by gold producers. Kazakhstan recently legalised the export of gold, but in practice the one producing Western gold venture, Bakyrchik, still has to sell to the Kazakh National Bank at a discount of 25 per

2.2 per cent, from 7.29m The western lead market up 2 per cent to 5.56m tonnes. sharply - by 6.8 per cent to Securities, the London invest-Australian wheat returns expected to 'very solid' for second season

The uncertainty over While the uncertainty persists,

By Nikki Tait in Sydney

By Nikki Tait

By Kenneth Gooding

Zinc demand in the western

world will exceed supply by a substantial margin for the sec-

ond successive year in 1996, according to the International

Lead and Zinc Study Group, an

intergovernmental organisa-

The Australian Wheat Board. which handles all export sales of Australian wheat, predicted this week that growers could look forward to "a second season of very solid wheat returns" in 1996-97, "albeit

Aboriginal leaders in Australia

vesterday made clear that they

would oppose any "watering

down" of the 1993 Native Title

Act, which gave them a COMMODITIES PRICES

Spet 3 months

्र तच्छारीत १ प्रदर्भ

Gold Goins Krugenand Mople Leaf

352-10 356-60 551-10 370-45

\$ price 393-396

538.20

slightly lower than the record 1995-96 prices". The AWB said that it expected the market to remain "highly volatile" for the next three months until prospects for the northern hemisphere harvest became clearer. "All attention is focussed on

national procedure for assert-

ing native title claims for the

first time - and in particular.

any moves to make land over

which pastoral leases have

the winter wheat crop in the US. Good conditions elsewhere in the globe are largely being ignored," it said. "At present, limited cash

buying of wheat is taking place in the world market and the

true test will come when cus-

whether pastoral leases extin-

guish native title has been of

growing concern to the mining

industry, which claims that, in

tomers around the world dem- returns for the yet-to-be-sown onstrate their buying strategy". The AWB's predictions came

as the organisation lifted its estimate of returns for most grades of wheat delivered in 1995-96 by a further \$10 a tonne figure released a month tonne, and raised estimated ago. For the 1996-97 crop, the

native title claims can be

formally registered on such

land, triggering a potentially lengthy "right to negotiate"

The mining industry has

1996-97 crop by a sharp \$40 a

Australian Standard White Wheat, delivered in 1995-96 is now estimated to return \$255 a tonne, up from the \$245 a

vative federal government to

legislate to clarify the matter.

main aboriginal groups met in

Sydney this week to discuss

possible amendments to the

But leaders of many of the

market gives every indication that ASW will return \$240 a tonne". It admitted that that was way above any other estimate it had ever issued at this time of year, but said that it was a "fair indication of mar-

AWB said: "Right now the

Aboriginal leaders hold out against weakening Native Title Act Yesterday, at the end of the two days of talks, they said that they "welcomed economic development, but that it could

not be at the cost of watering

down the Native Title Act".

MEAT AND LIVESTOCK

Sett Day's Price change High Low Vol

54,800 -1,500 56,500 54,800 14,374 36,486

at 6 CF Re

interest.

MARKET REPORT

Copper sheds gains

London Metal Exchange COPPER prices failed to build on early gains yesterday afternoon as prices dipped back under speculative selling and profit-taking to end only \$5 a tonne up on Wednesday's after hours "kerb" close of \$2,605 a tonne in the three months

delivery position. Traders said the price had earlier jumped to a near fourmonth high of \$2,631 on tha back of robust cash buying, but it lacked follow-through

Cash copper's premium over the three months price was Compiled from Reuters

JOTTER PAD

last indicated at around \$100, compared with Wednesday's close of \$85-\$90 and the single figure that prevailed in early April

Today's LME warehouse stocks report was likely to hold the key to the market's next sbort-term direction, traders said. A small fall in stocks, as expected by some market makers, might boost upside sentiment and push prices towards resistance at the January 2 high of \$2,650 a tonne, they

COMMODITE	ES PRIC	ES	
BASE META	LS		Precious Metals continued
ONDON ME	TAL EXC	HANGE	GOLD COMEX [100 Troy 62; \$/froy 62.)
rices from Amalgen			Sett Day's Open orion change High low Vel 3rd
ALUMINIUM, 70.7	PURITY (\$ pe	r tonne)	
	- Cash	3 milhs .	Apr 388.3 +2.7 394.3 383.1 48 28 Jun 395.3 +2.6 396.8 382.0 14,983 103,990
1080	1578.5-9.5	1611-12	Many 397.7 +2.7 399.3 395.5 576 21,003 Oct 400.1 +2.7 407.1 400.2 15 5.497
revious lah/low	1572.5-3.5 1579	1 <i>806-7</i> 1823/1810	0ct 400.1 +2.7 407.1 400.2 15 5,487 Dec 402.5 +2.7 404.0 399.6 568 24,653
M Official	1579-9.5	1813-3.5	Feb 405.0 +2.8 25 5,150
erta cisses pen kat.	210,362	1615-8	Total 16,632 285,507 E PLATINUM NYMEX (50 Troy oz.; 3/troy oz.)
ntal daily turnover	33,563	•	Apr 409.1 +2.3 407.5 407.5 2 15
ALLMINITH ALL	OY (\$ per tonn	d'	Jul 409.1 +4.3 410.5 485.2 1,511 19,776
lose	1330-40 1330-40	1370-75 1370-75	Det 412.3 +4.3 413.5 408.5 43 \$.407 Jun 475.1 +4.3 413.0 413.0 2 7,081
evicus etvicus	1330-0	1380/1370	Apr 417.8 +4.3 4 951
M Official	1330-40	1370-80 1370-80	Total 1,885 25,230
erb ciose pen int.	5,806	13/0-00	PALLADRIM NYMEX (100 Troy oz.; \$/troy oz.)
stal daily turnover	1,366		June 137.00 +2.15 137.25 134.85 485 5,306 Sep 138.26 +2.15 - 78 1,575
LEAD (S per torme	<u> </u>		Dec 139.60 +2.15 138.50 138.50 6 174
kose	809-10	802-8 805-6.5	Total 513 7,465
lölivjom . Jenjone	809-10 817/816	812/802	SILVER COMEX (5,000 Troy oz : Centertroy oz.)
M Official	817-7.5	809.5-10.D	Apr 536.4 +7.4 1 1 May 536.5 +7.3 549.0 528.0 11,797 24,234
orb close pen int.	36,641		Ja 541.5 +7.3 545.0 533.5 7,594 45,112
tal daily turnover	6,134		Sep 546.5 +7.4 549.5 541.5 303 12,255 Dec 553.9 +7.5 557.5 550.0 206 8,680
NICKEL (\$ per ton			Mar 561.5 +7.5 80 3,364
cee	8015-25 7940-50	8115-20 8040-45	Total 19,916 97,782
evicus en/lew	8044	8150/8110	
A Official	8043-4	8140-45 8130-50	
orb clase oen int.	37,997	0130-00	ENERGY
tol daily turnover	7,022		EINCITION T EINCRUDE OIL NYMEX (42,000 US galla. S/berrel)
TIN (5 per torme)			Latest Bay's Open
ose	6535-45 6510-20	6555-65 6690-40	price change little Low Vol. But
altylow evicra	go I e-eu	6505/6540	Jun 22.05 -0.35 22.56 21.80 60,327 113,455
Official	6580-65	6580-82 6590-85	Joi 20.66 -0.15 31.08 20.40 25,467 64,901 Juny 19.67 -0.08 19.98 19.46 14,991 45,323
erb close cen Int.	16,867	0.350-003	Sep 19.13 -0.04 19.38 18.90 7,663 31,906
cal daily turnover	4,030	*****	Oct 19.03 +0.14 19.09 18.70 6,483 23,827 Nov 18.83 +0.14 18.90 18.60 5,008 16,074
ZINC, special high			Total 126,762 450,524
ose evigus	1042.5-3.5 1034.5-5.5	1068-8 1060.5-1.0	E CRUDE OIL IPE (\$/barret)
ghflow	1037	1074/1085	Latest Day's Open price change High Low Vel Int.
d Official orb close	1046-8.5	1074-5	Jan 19.56 +0.07 20.10 19.41 21,574 64,623
pen int.	72,887 13,945		Jol 19,12 +0.10 19.28 18.88 11,764 55,888
cal delly furniover COPPER, grade A			
COLLECT Brown V	2716-20	2616-7	Sep 18.02 +0.14 18.85 17.71 1,533 12,464 Oct 17.75 +0.17 17.75 17.48 811 7,873 Nov 17.56 +0.16 17.00 17.39 645 4,978
evious	2675-8	2595.5-8.5	Nov 17.56 +0.16 17.00 17.59 645 4,079 Total 43,863,197,967
gtvlow 4 Official	2725/2720 2721-3	2690/2608 2624-5	HEATING OIL HYMEX (42,000 US galls; e/US galls.)
rib close		2610-11	Lutest Sing's Count
en int. tel dally turnover	171,902 89,747		price change High Low Vel let 18570 +0.50 59.80 57.20 8,946 11,689
LME AM Official !		00	Jan 54.80 +0.10 55.60 53.80 8,362 19,822
LME Closing C/S	rete: 1.5125		<u>₩</u> 53.15 -0.85 58.80 52.50 3.201 13.672
£ 1 5133 3 miles 1.51	14 6 miles: 1.509	8 6 miller 1.5080	See 53.25 +0.10 53.50 52.50 345 6,473
HIGH GRADE COF	PER (COMEX		Oct 54.00 +0.25 54.00 54.00 110 3,527
Salt Day's		Spell.	Total 24,282 83,381 B GAS OIL PE (\$70ene)
price change		Yel let	Sett Day's Open
	128.00 124.50 123.90 122.40	346 1,195 5,594 14,134	· price change lifts Low that list
122.20 +0.55	122.60 122.10	194 1,610	May 173.00 -1.25 173.75 170.00 4,482 13,697
120 90 +0.20	121.50 120.15 118.60 118.90	6,571 20,153	Jun 185.75 -0.50 189.25 185.75 2,584 13,586 Jul 168.25 -0.50 166.50 163.75 970 7,059
119.55 +0.10 113.30 -	119.00 117.70	443 4,120	Aug 185.50 -0.25 164.50 163.00 395 5.808
#1		13,350 61,686	Sep 165.00 - 163.75 163.00 81 3,376 Oct 165.25 -0.25 167.00 167.00 80 1.690
			Tabel 8,780 53,863
RECIOUS N	METALS		MATURAL GAS HINEX (10,000 master; \$/master)
CHACK BUILLIO	MARKET	,	Latest Day's Open
icae supplied by N		up SFr equiv	price change High Law Vol List
	orice C 99 1.3894.50	Man Old Arbeit	Jun 2.274 +0.016 2.335 2.255 16,231 33,302 Jul 2.260 - 2.320 2.250 4,796 23,356
OC. (20 grano	-390.60		Aug 2240 -0.020 2295 2235 2275 15,519
uning fix 380	1.35 258-2	02 481.965 153 488.630	8ep 2215 -0.020 2.270 2,205 1,782 14,654
s Harb 394.40	-394.70		Oct 2,210 -0.025 2,270 2,210 2,001 12,042
ector 390.00	-390.30		Total 81,636 150,781
204 60	-391,2U	- 44-1100	UNLEADED GASOLINE
ANOTE CICAR SOVER	I amelian their	W (AM 11662)	
co Ldn Mean Gold	Lending Rate 9 6 month		NYMEX (42,000 US galls.; or US galls.)
nvicus close 380.80 co Ldn Mean Gold north	Landing Rate 19 6 month 2 12 month	18 (VB USS) 18	HYMEX (42,000 US galls; c/US galls;) Latest Day's Open price change tilgit Low Yol int

D	gran	toral ted in claims	mun	s ha	om .	moa	stry, where cases being s	, dev	elopm	ent i	8
						• • • • •		00		ANIF	
		CIOUS LD COM					d		AINS TEAT LCE		
		Sett	Day's		low		Open		Sett	Day's change	,,,
•	Apr	399.3	+27	391.3	393.1	- 48	28	May	131.90	-1.10	13
	Jun	395.3 397.7	+2.6	395.8	305.5	576	103,900 21,003	Sep	134.15		118
	Dec	400.1	+27	401.1 404.0	400.2 399.6		24,653	Jes	120.05 122.05	-0.70 -0.85	
	Feb Total	405.0	+2.8	-	-	25 16,632	5,150 205,507	Mer Yotul	123,75	-1.00	
		ATTINUM.	NYME:	(50 Tr	0y 0Z.;	\$/50y <u>∈</u> 2		E W	698.50	+20	_
	Yor .	409.1 409.1 412.3	+43	410.5 413.5	405.2 408.5		19,776	Jail Sep	828.50 622.50	+14.5	63
	Oct Jan Apr	475.1 417.8	+43	413.0		2		Dec	627.50 912.00		83
	Total			~ 400	T	1,886	25,230	Jel Total	450.50	+25	45
	Jan PA	137.00		_	134.85	495			ZE CBT	ø. 000	.
	Sep Dec	138.35 139.60	+2 15	_	138.50	, 78 6			499.00	+12	49
	Total	VER CO				513	7,466	Jed Sep	482.00 379.50	+12 +7.5	
	Apr	536.4	+7.4	-		1	1	Dac Mar	325.50 340.25	+2.5	34
	May	536.5 541.5	+7.3 +7.3	540.0 545.0	528.D 533.5	7,594	24,234 45,112	May Total	341,50	+25	350
	Sep	546.5 553.9	+7.4 +7.5	549.5 537.5	\$41.5 \$50.0	206	12,258 8,680	E BA	RLEY LC		r to
•	Mor Total	561.5	+7.5		-	20 19,916	3,364 97,792	May Sap	116,00 112,58	-2.00 -0.50	112
								Hav Jan	114.25 118.50	-0.50	
								Total	118.50	-	118
		RGY							YABEAN 822.50	+12.5	_
	E CR	UDE OIL		K (42,0)	30 US 9	palle. S/	Opes	Jel Jel	831.00 830.00	+11.5	847
		price	change		Low	Vol	Int	Aug Sep	807.00 783.25	+8	82
	Jan Jal	22.05 20.66	-0.35 -0.15	22.58 \$1,08	20.40	25,467		Jen Jen Total	787.50	+1	
	Jag Sop	19.67 19.13	-0.08 -0.04	19.98 19.38	18.90	7,663	46,323 31,906		YABEAN	OIL C	ST (
	Oct Nov	19.03 18.83	+0.14 +0.14	19.09 18.90		5,008	23.827 18,074	May	27.03 27.42	+0.42	27
	Total	UDE OIL	IPE (\$/	barreti		ant as	460,024	Asig Sup	27.00 27.70	+0.4	21
		Latest		High	Low	Vel	Oper int	Det Dec	27.72 28.05	+0.32	25
	Jee	19.98	+0.07	20.10 19.28	19,41	21,874	64,823 55,888	Total	YABEAN	MEAL	CB
	Jal Ang	19.12 18.50 16.02	+0.10 +0.17 +0.14	16.56		6,112	20,775 12,484	Egy .	256.8 260.9	+1.5	
•	Sep Oct Nov	17.75	+0.17	17.75	17.48	811	7,873 4,079	Jal Aug Sap	261.2 250.0	+1.4	26
	Total					43,583	197,987	Oct Dec	253.6 263.0	8.0+ 8.0+	2
	HE/	ATING O		X (42,UU	U US GER	e; ous	Core	Total			
	May	price	+0.50		Low 57.20	Vel 8,946	jest 11,699	May	185.0	+20	18
	Jan Jan	54.80 33.15	+0.10	\$3.60	53.80 52.50	8,362 3,201	19,822 13,572	Jan Hov	225.0 105.0	-	
	Aug Sep		-0.10	53.25		1,227	12,248 6,473	Mer Apr	130.0 133.4	-20	13
	Oct	54.00	+0.25	54.00	54.00	110 24,282	3,627 83,381	Total	30HT (8	FFEX)	LÇE
		OIL PE						Apr	1455 1399	+2	1/
		Sett. price	aparido gali,s	High	Low	West	Open ist	Jen Jen	1302 1280	-8	
	May Jen	173.00 185.75			170.00 185.75	2,584	13,697 13,586	Set Jan	1340	-2 +10	1
	Jel Ang	168.25 185.50	-0.50 -0.25	166.50 184.50	163.75 163.00		7,059 5,8 0 8	Total		Pres	
	Sep Oct	165.00 165.25		163.75 167.00		81 80	3,376 1.690	Ħ	1452	14時	
	Total	TURAL G	AS MW	EX COLO	100 mm8	-	5 3,853 mBm)	e C 1	ES DAT		
		Latest	Day's				Open		res dete		d i
•	Jan	-	change +0.016	2.335		Wol 16,231	133,302 33,302				_
	Jel Aug	2.260 2.240	-0.020	2.295	2.250 2.235	4,756	23,356 15,519	Weo		. 7	
	Sop Oct		0.020		2,205 2,210	1,782	14,654 12,042	traign	s in New 3 for the 8kg since	5003CF	
	Meri Total		0.020		2250		8,006	toy 6	840, 327607 81 19 15 151 03 9441	450 c	at
	III UNI	EADED				I		the o	Cousige Species The so is	was v	иd
	<u> </u>	EX (42,000 Labet		; eUS ş			Open	gne :	Hallang ca Hallang ca NGS. Scilic	nire en	Aus
		price 1	جويشاه	_		Yol	iet	Anza	ngs.read s day or held in	i April	25
	Hay and,	71.20		72.30·	73.30 70.60	17.207	27.610	The	neg in Australian and the	marke	4 5
	اط. وظا		+0.08 -0.10		66.30 82.65	4,401 2,497		z 54	7. alignet	ورستانه ا الدانانه ا	13.

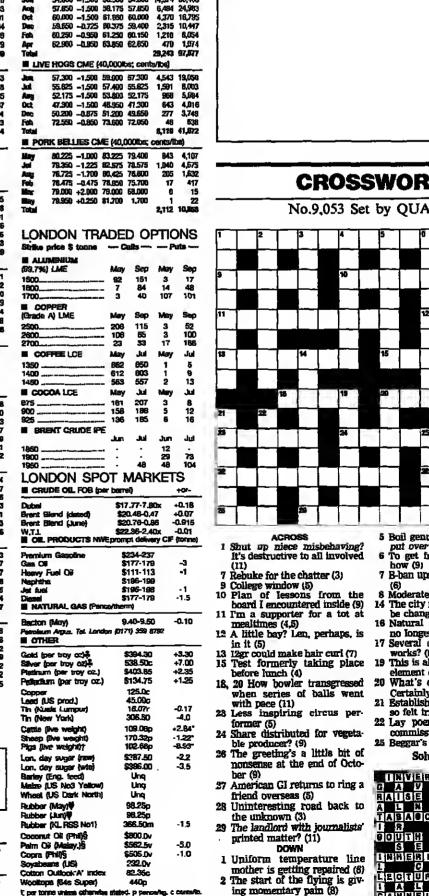
68:30 66:30 64:10 82:65

57.45 56.70

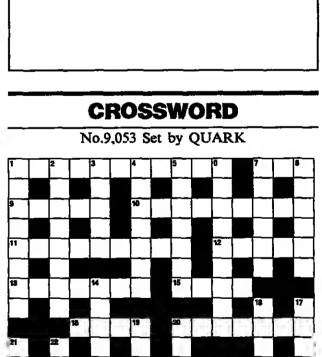
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4,401 14,984 2,497 10,316 406 3,421 70 1,112

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W	EAT LCE		tonne)				m coc		_	9			~	•
	Sett	Day's	High	Low	Wol -	Opene for	·	Sett price		High	2,000	¥oŧ	int.	
¥	131.90	-1.10	132.00	132.00	65	749	May	1026	+22	1026	1016		6,028	
p	118.25	-	118.50	132.00 117.50		1,580 318		1053 1074	+20 +20	1058 1078	1078	1,571	27,283 44,391	
		-0.70	120.50 123.00	119.25	304 158	2,673 910	Doo	1030	+1D +9		1028	3,205	24,334 39,989	
	123,75			21-30	15	119	May	1040	+9		1040	669	14,179	
bel .			~		\$06 		Tytut					-	186,749	
_	BEAT CB					2 000	Nay	1371	<u>= [104</u>	1397	1375	38	363	•
	828.50	+145	634.00	615.00	28,652	61,140	Jal	1389	-	1412	1383	8,268	34,748	
P	02230	TIME	032.00	609.00	4,44		Sep Dec	1400 1410	+10	1420	1398 1410		16,385 16,437	
	912.00	+13.5	B18.50	604.00	255	1,220	Name .	1423	+9	1438	1420	728	12,404	
	450.50	+2.5	455.00	445.00	44,1231	1,140	Nay Total	1442	+16	1449	1445	1,867	4,823 94,614	
							M COC	OA (ICC	O) (SDE	rs/tonn	ra)			
MA	ZE CBT	_					Apr 24			Price		Prev.		
7	499.00 482.00			488.25 469.50			Duly			1018.47		102	10,200	
P	379.50	+7.5	384.00	372,00 333,00	10,375	56,545	III COF	FEE LCE	(\$/ton) (per				
5 F				340.00 341.00			May	1995	+28	2020			8,405	
	341,50	+25	350.00		50 20,978		Sep	2011 1994	+42	2035 2020		1,037	14,078 5,591	
	RLEY LC	E Œ pe	r tonno				Nov Jan	1989			1955 1940	525 302	2,876 1,276	
y	116.00	-2.00			_	298	Mer	1853	+35	1953	1953	50	663	
9	112.50 114.25	-0.50	112.50	112.50	2	51 607	Total		cece /	97 5008		-	30,659	
	118.50	-0.50	117.00	116,00	18	72	III COF				124.00		1,621	
	118.50	-	118.50	118,50	23	36 1,672	Jal	125,45	-1.55	133.50	122.40	5,562	19,832	
	YABEAN	S CET &	5,000bw	quin; cont			Sep Dec	124.30 123.00			122.00 120.50		4,550 2,419	
y	822.50	+125	839.00	803.25 816.50	0,915	22,806	Mar	122.60	-1.05	127.25	122.50	43	584	
	831.00 830.00	+10	845 00	R19 60	1 421	10 221	Tested	121.50	-0.50	121.50		95 5,855	229 29,296	
	807.00	+6	822.00	802,00 788,00	1,102	6,201	III COF	PEE (ICC) (US c	ents/po	und)			
	797.50	+1	B14.00	797.00	600	6,035				Price		Pres.		
	YABEAN	~ ~	OT #0.			08,872	Comp. dai 15 day sa	erage		. 112,03 . 106,30			3.10 5.78	
30 y				26.79										
	27.A2	+0.44	27.82	28.93	9,085	47,169		363.6		388.0		855	11,758	
	27.00 27.70		27.98 28.08			8,765 4,341	Oct	340.2	-0.8	342.8	339.5	276	5,370	
	27.72	+0.32	28.23	27.60	484	2,934	Dac Mar	331.5 324.6	-28 -12	335.0 327.0	332.0		3,033	
: =	78.05	48.34	26.48	27.00		95,102	May	324.3	+0.5	326.0	324.1	83	1,109	
S O	YABEAN						Ang Tatal	326.3	+1.7	3272		46 1,955	191 23,882	
7	256.8 260.9	+1.5	261,9	255.5 258.7	7,796	15,530 51,004	m sug	NR 41'	CSCE (12,000	DS; cer	ts/lbs		
	261.2	+1.4	267.0	250.2	1,081	10,233	Stay Jel		-0.21 -0.19		10,50 10,53			
	258.0 253.6	+22	263.0 258.0	253.0	1,337	6,555 3,473	Oct	10.61	-0.10	10.79	10.57	1,650	35,246	
_	263.0			252.5	2,312 28,6761	15,043	Mar May	10.56 10.50	- Q 11	10.70 10.54	10.86 10.50	527	6.071	
e Po	TATOES	LCE (2	/tonne)				Jul Total	19.41	-0.15	10.54			2,963 37,926	
y	185.0	+20	181.0	191,8	3	99	E COT	TON NY	CE (50,	OOTibe;		-	14,120	
,	225.0 105.0	-	-	Ξ	Ξ	Ξ	Way		+0.75	85,00		963	773	
•	130.0			-	-	965	Jel Det	84.62	-0.48	86.65 84.30			24,077 3,217	
	133.4	-2.0	134.0	132.0	10 13		Bec	82.50	+0.63	82.94	62,15	915	24,408	
FRE	ээнт (в	FFEX)	LCE (\$1	O√indeo	point)		Mer Stey		+0.65		62.80 83.05	42	2,646 1,254	
	1465 1399	+2	1458 1400	1455	10 30	767 788	Total	W= =#	~E W	CE ME		-	56,757 (bar)	
í	1302	-8	1305	1290	59	356	ME ORAL	138.00					4,656	•
	1280 1340	-2	1275 1345	1260 1339	45 10	1,981 945	Jel	T37.10	+1.00	137.50	134,50	5,092	11,598	
	1390	+10	-	-	164	56 4.937	Sep Hor	134,00 126,50		134.05 125.50		242 31	3,012 979	
_		Pres				4,000	Jan Mar	123.75 125.75		123.75		40 90	3,032 212	
	1452	145					Testal	10.73	4116	تعبها			23,065	
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rera	offensigs Consider	ed uns	اعماداته	ory. The	76 W86	only								•
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he /	hetd in Australian	marke	stow	9 0 70 9	harp 13	10ve-	Apr 2 2137.		pr 24 130.6		th ago 35.8	year 23	age 28.6	
el 4	and the	Easte	m mad	et inde	ator d	osed		o 2 Futures						
10 5	7. aligned season. V	Moakme	es In t	he woo	, mark	at is	Apr 2	4 A	pr 23	(Thôri	b sgo		-go	
ein,	related ushing ca	क्राप्ट व्य	එකේ ජ	ernand	m the	main i	251.3 ■ GSC	8 2 Spot #	61.07 Jase: 19		2.95 7	24	3,16	
151	3721 70 (cietr n	COVERY	in Chi	rase bu	ying.	Apr 2	4 4	pr 23	пост	h ago		200	
							214.7		15.99	20	<u>8.13</u>	183	3.89	



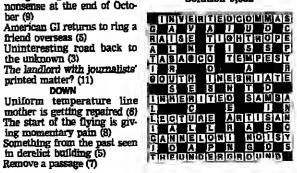
4 Remove a passage (7)



5 Boil gently top to bottom and put over English duck (7) 6 To get free, trace exit some-how (9) 7 B-ban upset the French crowd

8 Moderately fair (6) The city round I'll prove must 16 Natural desire for fruit line no longer scarce, we hear (8) 17 Several of these for popular works? (8)
19 This is about a representative element of a chemical test (7) 20 What's called for in court?

Certainly not a big noise (7) 21 Established but losing leader so felt trritation (6)
22 Lay poem - not a difficult 25 Beggar's vessel (5) Solution 9,052



Commodities put pressure on Treasuries Stability encourages EIB

By Semer Iskandar in London and Lisa Bransten in New York

in a very quiet session, most European bond markets traded in narrow ranges yesterday. Spanish bonos were among the strongest performers, boosted by a stable currency and political optimism, while German bunds continued to outperform the US market. In the UK, gilts benefited from weaker than expected retail sales data for

■ US Treasury prices were mostly lower in early trading yesterday as commodity prices rose and Well Street dealers continued to try to find buyers for the five-year notes they bought at Wednesday's auction.

Near midday, the five-year note was also unchanged, holding at 99% to yield 6.339 per cent, well shove the 6.28 per cent average yield on the notes the Treasury department sold on Wednesday.
The benchmark 30-year Trea-

sury was it lower at 89% to yield 6.839 per cent, while at the short end of the maturity spectrum, the two-year note was unchanged at 992, yielding 5.976 per cent. The June Treasury bond future lost 1

trading at Lehman Brothers, attributed yesterday's declines to dealers trying to find yields high enough to attract retail

Dealers are reluctant to hold securities ahead of several sets of important figures due out next week, he said. The market is priced for an interest rate increase after the presidential election in November, but traders are worried the week's figures could be strong enough to spur the Federal Reserve to act

sooner, he said. Rising commodity prices also have traders nervous about the prospect for monetary tightening. Early yesterday afternoon the Knight Ridder-Commodity Research Bureau's commodity index was 1.27 higher at 262.65. The market paid little attention to yesterday's weekly data on initial claims for unemployment benefits because the figures continued to be clouded by the effects of the 17-day

French OATs fell only slightly when the central bank announced it was keeping its intervention rate unchanged. The decision to lower the 5 to 10-day repo rate - the emergency lending rate - by 0.6

ended in March.

global government securities ignored by market particl- data showing that the annual pants. The Matif's June rate of increase of west Gernotional contract closed at 123.28. down 0.10.

In the cash market, the 10year benchmark, the 7% per cent OAT due 2006, closed at 105.89, down 0.16.

The spread over 10-year bunds narrowed by 4 basis points to 6 points. The June Pibor futures contract on 3-month interest rates

fell by 0.04 point to 96.10.

GOVERNMENT BONDS

Ms Marie Owens Thomsen chief economist at Banque Internationale de Place-ment/Dresdner Bank in Paris, believes the central bank's decision not to cut rates "shows that a strong French franc [on the foreign exchange markets] remains a major

priority" She said European bond markets were largely dominated by activity in the currency markets. "If the US dollar trades durably above tha DM1.53 level, we could see s reversal of spreads", with French bond yields falling below those of

■ The German market ended percentage point was largely lower, ignoring the release of

man cost of living had declined to 1.3 per cent in March, from 1.4 per cent in February.

Economists at UBS in Frankfurt said the data was "good news for bond markets as the improvement happened despite sharp increases in the prices of seasonal foodstuffs and mineral oil prices". They believe there is "s slight chance that (inflation rates) might be revised down" in the near

Liffe's June bund future settled at 96.96, down 0.12. In the cash market, the 10year spread of US Treasuries over bunds stood at 35 basis

Ms Owens Thomsen said that although she does not expect the US Federal Reserve to raise interest rates soon. this spread could continue to widen gradually over the next few weeks, "driven by infla-tionary fears" in the US.

■ UK gilts had a positive session, boosted by weaker-than-expected growth of retail sales in March. Liffe'a June long gilt future settled at 106%, up %. The June short sterling future ed at 93.56, up 0.11, as analysts's expectations of a rise in base rates seemed to recede. Although most economists

still believe the next move on interest rates will be a rise, yesterday's weak economic data suggested that the tightening of monetary policy might start later than expec-

■ European high yielding markets saw little activity. There was no trading in Italy and Portugal, due to holidays. In London, Liffe's June BTP future closed at 114.17, up 0.14, after trading as high

In the cash market, the yield spread over 10-year bunds narrowed by 1 basis point to 354

The stability of the Italian Lira, at L1,020 against the D-Mark, reinforced analysts' expectations that the central bank might cut official interest rates in coming weeks.

Spanish bonds opened higher on rumours that the Party Popular was about to announce a deal with the Catalan nationalists, allowing the formation of a government.

The June future on 10-year bonos rose as high as 99.53 in early trading, but weakened on profit-taking later during the session. It settled at 99.20, up 0.35, but drifted lower in afterhours trading as political negotiations were reported to be

to lead flood of new issues

By Conner Middelmenn

Continued stability government bond markets and underwriters' desire to get deals out before Japan's Golden Week next wack resulted in another deluge of new supply onto the envolond market yesterday.

The European Investment Bank led the way with a DM1bn five-year benchmark offering priced to yield 18 basis points over bunds, 3 basis points wider than recent albeit smaller - D-Mark offer-ings for the World Bank and Austria. An official at Merrill Lynch, joint leads with Dresdner Kleinwort Benson, said the pricing reflected feedback gained during three days of pre-marketing. Some 60 per cent was placed in Asia and

about 18 per cent went to German accounts, he said. Komercni Banka, the Czech Republic's largest commercial bank, set a different kind of benchmark by being the first central European bank to issue a eurobond. \$250m of five-year paper yielding 78 basis points over Treasuries. "The issue

syndicated loans market to a non-bank investor base," said lead manager CS First Boston. The next eastern European borrower is likely to be Poland's Bank Handlowy, which is expected to bring a \$100m three-year bond Via J. P. Morgan next week.

INTERNATIONAL BONDS :

Late in the day, Abbey National sought to tap into revived institutional demand for five-year paper which had made Wednesday's issue for ABN Amro such a success, by launching a deal with very similar terms: \$500m of fiveyear bonds yielding 25 basis points over Treasuries. An official at Morgan Stanley - joint leads with Salomon Brothers reported strong sales to UK and continental European institutions, although tha spread widened slightly

owards the close. In the floating-rate sector. Stadshypotek, Sweden's largest mortgage lender, launched its debut eurobond, \$300m of marks s move away from the two-year paper at an all-in-cost its 1994 peak.

of 8 basis points over Libor. • IBCA, the European rating agency, has assigned a long-term currency rating of BBB-minus to Hungary - the country's first investmentgrade rating. Standard & Poor's rates it BB+ and Moody's Bal, its highest subinvestment grade ratings. Hungary's eurobonds have performed strongly in recent months on market speculation that its rating might be lifted.

According to IBCA, "Hungary has an unblemished record of debt service, having neither rescheduled its foreign debt nor asked for debt relief in a Brady plan."

It also pointed to "evidence that last year's Bokros package is delivering the expected improvament in the current account to a sustainable level and said the economy had continued to grow, in marked contrast to similar countries facing a similar need to adjust.

Moreover IBCA noted that the large capital inflows in recent years had pushed up the official reserves of foreign currency and have reduced Hungary's net external debt from

blames scandals for investor caution

By Nicholas Denton

Credit Suisse Financial Products, the derivatives subsidiary of CS Holding of Switzerland, has blamed the collapse of Barings and other derivatives acandals for a decline in custom in some

markets. In its annual review, CSFP "sensationalist publicity" about bond and derivatives losses had "a materially sdverse affect on the confidence of investors, and sparked s trend away from the use of

the more complex products". The fall-off in client activity was concentrated in the US, where several clients have sued Bankers Trust after making losses, and south-east Asia, where clients and banks have

also clashed. Companies in the US were also disconcerted by controversy over the accounting treatment of derivatives used for hedging, which can have the perverse effect under present rules of increasing the apparent volatility of earnings. Despite the caution of inves-

tors, CSFP lifted earnings in dollar terms to \$270m, up 9 per cent on 1994. It made more than CS First Boston, the investment banking subsidiary

futures and options allowing

Earnings for most of CSFP'a competitors are subsumed in the figures for the parent group, CSFP's results, in so far as they are a guide, show the industry largely withstood the backlash against complex "structured" derivatives. Rising equity markets, which revived investor interest in

them to benefit from the trend. helped sustain earnings. Trading revenue from equity derivatives grew from \$69m to \$179m even as revenue from fixed income derivatives fell

> "Credit derivatives" - a new range of products which provide insurance against events such as sovereign default . were a growing area, CSFP said. But executives said the derivatives industry had matured to the point that it no longer depended on "the hot new product" for profitability.

description of any derivatives business to be made public, CSFP reveals the complexity of the risks. Only a quarter of its risks are to do with straightfor-

ward movements in interest rates and other markets. A full three-quarters relates to complicated factors such as the volatility of markets, which affacts the price of options contracts between CSFP and clients: and the shape of the yield curve, which alters the relative value of long

and short-dated debt products.

Borrower US DOLLARS	Amount m.	Coupen %	Price	Materity	Fees %	Spread bp	Book-namer
Abbey Netional Tray Sives	500	6.63	99.76A	May 2001	0.288	+25(614%-01)	Morgan Stan./Lehmen
Stadehypotek‡	300	(=)	99.95	May 1996	0.16		Lehman Bros.
Komerchi Financet	250	7.13	99.56F	May 2001	0.35R	+78(634%-01)	CS First Boston
Banco do Nordest do Brazil	125	11.87	99.57R	May 2004	0.88R	+625(5%-99)	CS First Boston
DBS Landt	120		100.0R	May 2001	0.25R		Nomura Sgpre/WestLB
Okobanici:	100	(D) (C)	99.93R	May 2006	0.45R		Chemical Invat/PnWebber
CS First Boston(d)	50	7.25	100.35R	Apr 2001	6.35A	+70(8%%-01)	CS First Boston
D-MARKS							4 4 7
21B	1bn	5.13	99.43R	May 2001	0.25R		DKB/Merrill Lynch
INCF	400	5.25	99.64R ·	May 2001	0.26R	+25(51494-00)	
NordLB‡	100	(e)	100.0R	May 2006	•		JP Morgan
SWISS FRANCS De Grande Dixence	120	4.25	101.00	Jun 2006	STD		SBCW
OLULOERS Philips Electronics	300	7.00	99.76R	May 2008	0.45R	4600	ABN Amro Hoere Govett
DANISH KRONERS Densk Naturgas	400	8.25	100.19R	Nov 2000			Paribas Luc.
		- 	100,1811	1404 2000			raibility (Alexander)
CANADIAN DOLLARS BayerHypo	100	7,50	100.05R	May 1996	0.286	+28(7)4%-01)	ScotlaMcClood

WORLD BOND PRICES	B BIRD COURSE COTTONS A LITTLE DAMES AND	PER ANNIA MANAGEMENT DINAMA
BENCHMARK GOVERNMENT BONDS Red Day's Week Month	Strike CALLS PUTS PUTS PUTS PUTS PUTS PUTS PUTS PUT	FT-ACTUARIES FIXED INTEREST INDICES Pice indices Thu Day's Wed Accrued ad adj. — Low couper yield — — Medium coupes yield — — High coupen yield —
Coupon Dete Prios change Yield ego ago Australia 10,000 22/06 0,0000 — 0,00 9.03 8.95 Austria 6,125 02/05 99,1700 —0.040 6.38 6.50 6.70 Belgium 7,000 05/06 102,6000 —0.050 8.61 8,70 7.93 Carreda * 8,750 12/05 106,8700 —0.340 7.75 7,75 7,88 Pormark B,000 03/06 105,3600 +0,120 7,22 7,31 7,73 France BTAN 5,750 03/01 100,7900 —0,130 5,58 5,70 5,78	Price Jun Jul Aug Sep Jun Jul Aug Sep 9650 0.87 0.64 6.84 0.99 0.41 1.06 1.28 1.43 9700 0.58 6.44 0.83 0.78 0.62 1.38 1.57 1.72 9760 0.36 0.29 0.45 0.59 0.90 1.73 1.89 2.03 Est, vol. total, Calla 19043 Puta 18686, Provious dey's open int., Calla 208235 Puta 154762 Ittaliy	UK Gitts
OAT 7.250 04/08 105.8900 -0.180 6.43 6.53 8.75 Germany Bund 8.000 02/06 97,3900 -0.400 8.37 8.45 6.56 kreland 8.000 08/06 103.4000 +0.220 7.50 7.69 8.03	M NOTIONAL TALIAN GOVT, BOND (BTP) FUTURES (LIFTE) Like 200m 100ms of 100%	Index-linked Apr 25 Apr 24 Yr, ago Apr 25 Apr 24 Yr, ago 8 Up to 5 years (1) 195.14 +0.16 194.83 -0.02 4.43 Up to 5 years (2,57 2,75 3,33 1,26 1,32 1,84
Pasty	Open Sett price Change High Low Est, vol Open int, Jun 114.00 114.17 +0.14 114.64 114.00 21196 61860 Sep 113.70 113.51 +0.12 113.70 113.70 1395 517 III TIALIAN GOVT. BONIO ESTP) FUTURES OPTIONS (LIFTE) Live200m 100ths of 100%	7 Over 6 years (1) 187.03 +0.14 186.77 1.22 1.33 Over 5 yrs 3.71 8.72 3.78 3.60 9.51 3.59 8 All stocks (12) 187.08 +0.14. 186.83 1.19 1.40 Average gross redemption yields are shown above. Coupon Bends: Low: 0%-74%; Medium: 8%-10%%; High: 11% and own: 7 Fist yield, yet Year to date.
Swedon 5,000 02/05 86,3490 +0,110 824 8,37 9,23 UK Gilbs 8,000 12/00 102-18 +12/32 7,33 7,50 7,44 9,000 10/08 106-30 +1,32 6,10 6,16 8,25 US Treasury* 5,625 02/08 93-04 -13/32 6,59 6,57 8,44 6,000 02/28 89-11 -21/32 6,59 6,57 8,44 8,75	Strike	FT FIXED INTEREST INDICES Apr 25 Apr 24 Apr 23 Apr 22 Apr 19 Yr ago High Low Apr 24 Apr 23 Apr 22 Apr 18 Apr 18 Govt. Secs. (UN) 92.73 92.67 92.42 92.74 92.55 91.98 98.94 91.97 GNR Edged bargains 108.3 122.4 102.4 79.8 93.9
ECU (French Govf) 7.500 04/05 104.9000 -0.090 6.77 E.B3 7.33 Lonson stoalog. New York which day 7 forces including with the force of th	Spain	Fixed Interest 112.36 112.10 112.10 112.10 111.27 115.23 110.74 5-disy average 101.3 97.1 88.9 84.3 84.3 84.3 107.00 000 000 000 000 000 000 000 000 00
Prices US, UK in 32nds, others in decimal Source MMS international US INTEREST RATES	NOTIONAL SPANISH BOND FUTURES (MEPF) Open Sett price Change High Low Est. vol. Open int.	
Latest Treasury Bills and Bond Yields	Jun 98.94 99.20 +0.35 98.53 98.78 58.307 48,808	FT/ISMA INTERNATIONAL BOND SERVICE Listed are the invest interretional bonds for which there is an apequate accordary market, Latest priose at 7:10 per on April 25
Construction Cons	IN NOTIONAL UK GILT FUTURES (LIFTE) ESO,000 S2nds of 100% Open Sett price Change High Low Est. vol Open Int.	leaved Bid Other Chg. Yield leaved Bid Other Chg. Yield leaved Bid Other Chg. Yield
Foot.Sunda az interrepation. 54 ₆ Sit coronita 524 10-year 6.57 Foot.Sunda az interrepation. 54 ₆ Sit coronita 5.57 Gree year 5.51 30-year 6.52	Jun 105-31 106-18 +0-12 108-21 105-29 56086 117104 Sep 104-30 105-18 +0-12 104-30 104-30 1 167 III LONG GILT FUTURES OPTIONS (LIFTE) 250,000 64ths of 100% Strike CALLS PUTS	Abbey Nati Treatury 61 00 1000 973 974 975 6.98 United Ningdom 71 97 6500 100 100 100 100 100 100 100 100 100
BOND FUTURES AND OPTIONS	Price Jun Jul Aug Sep Jun Jul Aug Sep j 106 1-11 1-01 1-22 1-38 0-43 1-33 1-54 2-08 107 0-41 0-42 0-60 1-12 1-09 2-10 2-28 2-44 106 0-20 0-25 0-41 0-55 1-82 2-57 3-09 3-23 Est. vol. total, Calle 763 Puls 1732. Previous day's open Inc., Calle 35472 Puls 35174	Column C
France NOTIONAL FRENCH BOND FUTURES (MATF) FRS00.000	Ecu	State 1635 U.2 1500 1592 149 14 15 150 1500 1500 1500 1500 1500 1500
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Strike CALLS PUTS Price May Jun Sep Many Jun Sep 120 - 3.86 0.08 0.78	US TREASURY BOND FUTURES (CBT) \$100,000 32nds of 100%	EB 94, 97
121 - 2.38 0.15 - 122 1.28 1.56 1.33 - 0.31 1.53 123 0.28 0.88 0.86 - 0.60 -	Open Latest Change High Low Est. vol. Open Int. Jun 109-23 109-23 -0-01 109-28 109-12 230,839 340,839 Sep 109-07 109-07 - 109-09 108-27 1,277 26,018	B-tm Bark Japan 6 00
124 0.39 0.55 1.08 es. vol. total, Calle 13,709 Puto 13,533 Previous day's open int., Calle 159,532 Puta 189,843.	Dec 108-18 108-23 +0.01 108-23 108-14 55 5,404	Festimal Nati Mart 7.40 04
GOTIMANY MINOTIONAL GERMAN BUND FUTURES (LEFT) DAZSO,000 100ths of 100%	Japan M notional Long Term Japanese Govt. Bond Futures (LEFE) Y100m 100ms of 100%	Ford Mater Credit 6 ¹ s 98 1600 98 ² s 100 ¹ s - ¹ s 6.42 kely 3 ¹ s 01 200000 102 ¹ s 102 ¹ s - ¹ s 299 Credit Lycorreio 5 00 300 98.03 98.44 5.5000 General Meter 0 13 1000 25 ¹ s 24 ¹ s - ¹ s 8.73 kely 5 04 200000 100 ¹ s 118 - ¹ s 2.95 Credit Lycorreio 5 00 300 98.03 98.44 5.5000 Herroroo 5 1 98 1 98 1 98 1 98 1 98 1 98 1 98 1
Open Satt price Change High Low Est. vol. Open Int. Jun 97.00 96.96 -0.12 97.13 96.86 127876 197488 Sep 96.20 98.06 -0.12 96.20 98.06 1643 7945	Open Close Change High Low Est. vol Open int. Jun 117.90 117.92 117.56 4229 0 Sep 110.50 116.53 657 0 *LEFFE tustines also tracked on AFT. AS Open Intercet Sign. are for previous day.	Inter-Amer One 7 to 00 500 1027t to 10 10 1 7.05 SNCF 6% 00 30000 116 to 116
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Conversion 18pc 1995 9.79 6.00 1025 1048 1028 Trens Spc 2002-6tt 6.30 1026 1026 1026 1026 1026 1026 1026 102	7.94 103] +1 108] 257 4 4 107 108 1 257 4 4 108 1 108 1 258 1 108	Sweden 512 00 2000 98% 95% 14 8.94 Elec de France 61% 99 CS 275 108 108% 1 8.98 Sweden 0.96 1500 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 53.995 1 100.00 99.07 100.00 99.00 99.00 99.00 99.00 99.00 99.00 99.00 99.00 99.00 99.00 99.00 99.
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Times 74_cm 1998ct 7.18	8.17 83% +-5 86% 80% 9-jpc-30#(135.1) 3.00 3.74 118[] +-5 120[] 112[] Prospective real radiamption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in purerhease allow RFI bear adjusted to including (s 8 months prior to issue) and have been adjusted to	What Denny 6% 07 1500 98% 98% 18 8.70 Custor: Flow 10% 98 CS 200 108% 1932 18 8.34 EE Finance 8% 03 2 438 6.4 100% 10% 10% 10% 10% 10% 10% 10% 10% 10
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9.00 3.00 3.00 1.50 1.50 5.00 0.50 0.50

4.5

Juckes, currency strategist at

NatWest Markets in London,

forecasts the D-Mark at Y75 in

September. "We take comfort

that the strength of the Nikkel

reflects the increase in liquid-

ity in the Japanese financial

system which we believe will

cause renewed yen weakness in due course." He said he was

sceptical about predictions of higher Japanese interest rates,

MARKETS REPORT Buba comments help dollar reach 14 month high uncertainty about a planned weak, and weak,

continue buying dollars and selling D-Marks.

The trigger for the latest move was observations from Mr Franz-Christoph Zeitler, a Bundesbank council member. that the D-Mark was still overvalued against the dollar.
Comments that the D-Mark

was no longer overvalued against high-yielding European currencies put an end to their recent rally, but Mr Zeitler was sileut about the important D-Mark/yen rate. The D-Mark closed at Y69.64, down from

The biggest move in the markets came from the South African rand, which plunged 19. cents against the dollar to a. resh historic low of R4.45, Sumpared to the previous Lon-don close of R426. The rand was the victim of political

BURG SECTION

人名西班牙 化二十十二 医侧盖线

The dollar finished in London et DM1.5295, from DM1.5219. Against the yen it closed at Y106.515 from ¥106.785. The Italian lira closed at

L1,021 against the D-Mark, from L1,023, after earlier reaching an 18 month low around The Swedish riksbank continued the recent trend in Europe towards lower interest

rates by cutting the interest rate corridor by 75 basis points. The krona closed slightly lower against the D-Mark at SKr4.442, from SKr4.435.

1.5115 1.5108 1.5095 1.5045 7.5115 1.5107

■ Mr Zeitler's silence on the D-Mark/yen rate was curious given the historically close link exporter confidence. Mr Chris Turner, currency strategist at BZW in London, said: "If the German authorities really want 6. weaker D-Mark to aid recovery, the cross rate they need to worry about is D-Mark/

yen."
Mr Turner said that bilateral trade between the two countries was fairly low, suggesting that the importance of the rate related in their relative competitiveness in third markets. He said the D-Mark needed to fall well below Y70 if it was to

Not everyone believes the yen is set to rally further. against the D-Mark. Mr Kit

coming, ironically, against the backdrop of a government in an increasingly weak position. It has been the last of the big devaluers in 1992/3 to enjoy a significant rally. Mr Turner said there

appeared to be a re-appraisal underway of the conventional argument that sterling was the victim of "political concerns". He said it was possible that the the fiscally responsible, pro-EMU policies of left-leaning governments in Sweden and Italy was making the prospect of a Labour government in the UK more palatable.

"We have long argued," said Mr Turner, "that the political risk for sterling is not so much who wins the election but rather what the current gov-ernment might do in terms of taking risks with the macro-

that the rand has becomedetached from economic fundagovernment is that volatility makes it more difficult to relax exchange controls, but that volatility may well persist so long as the threat of exchange control relaxation hangs over

the market. Mr Chris Stals, governo the Reserve Bank, told Re yesterday: "It is getting difficult to remove exch controls. We first have t stability back into the m Whatever we do on excl controls must be done atmosphere of more stable ditions."

Apr 25 £ \$
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	HONTH	PIDOR F	TUNES	(MATIF) Part	s interbenk	
Jun	Open 96.15	Sett pri				28,915
Sep	96.14	98.10				12,925
Dec	95.98	95.82				
						4,946
-	Open	Sett pri		Reins (LIFFE) DM1m po	sints of 100
) DM1m po	sints of 100
Am.	Open	Sett pric 98.84 96.84		96.85 96.08	P DM1m po	Est. vol 15585 16400
lun Sep Dec	Open 96.84 96.84 96.66	Sett pric 98.84 96.85	ce Char	96.85 96.08 96.08	96.83 96.83 96.63	Est. voi 15585 16400 22598
Jun Sep Dec	Open 96.84 96.84	Sett pric 98.84 96.84	ce Char	96.85 96.08 96.08	7 DM1m po Low 96.83 96.83	Est. vo 15585 16400
Jun Sep Dec Mar	Open 96.84 96.86 96.35	Sett pric 98.84 96.84 96.85 96.34	-0.0	96.85 96.08 96.08	96.83 96.83 96.83 96.63 96.33	Est. vol 15585 16400 22998 15680
Jun Sep Dec Mar	Open 96.84 96.86 96.35	Sett pric 98.84 96.84 96.85 96.34	-0.0 -0.0 -0.0	96.85 96.85 96.09 1 96.67 1 98.37	96.83 96.83 96.83 96.83 96.33	Est. vo 15585 16400 22998 15880 ints of 1009
Jun Sep Dec Mar E THINEE	Open 96.84 96.84 96.86 96.35	Sett price 98.84 98.85 96.34 EFFICIAL Price 91.27	-0.0 -0.0 -0.0	96.85 96.85 96.09 1 96.67 1 96.37 1 98.37 1 98.37	9 DM1m pc 96.83 96.83 96.83 96.33 L1000m pc	Est. voi 15585 16400 22598 15680 ints of 1009 Est. voi 8454
Jun Sep Dec Mar IE THINKE Jun Sep	Open 98.84 96.84 98.86 96.35 MONTH I Open 91.30 91.85	Sett price 98.84 98.85 96.34 EFFICIAL PRICE 91.27 91.84	-0.0 -0.0 -0.0 A FUTUS -0.0	96.85 96.85 96.86 1 96.87 1 96.87 1 91.35 91.89	96.83 96.83 96.83 96.33 1.1000m po Low 91.25 91.81	Est. voi 15880 1580 2298 1580 ints of 1009 Est. voi 8454 3733
Jun Sep Dec Mer Me THINKE Jun Sep Dec	Open 96.84 96.84 96.85 96.35 MONTH I Open 91.80 91.85 92.00	Sett pric 98.84 98.85 96.34 DUNIOLIR Sett pric 91.27 91.84 91.90	-0.0 -0.0 A FUTUS -0.0 +0.0	96.85 96.09 1 96.67 1 96.37 1 96.37 1 91.35 91.89 2 92.02	96.83 96.83 96.83 96.23 1.1000m po Low 91.25 91.81 91.97	Est. voi 1585 16400 22598 15880 ints of 1009 Est. voi 8454 3753 752
Jun Sep Dec Mer Me THENEE Jun Sep Dec Mer	Open 98.84 96.86 96.35 96.35 90.00000 91.30 91.85 92.00 81.91	Sett pric 98.84 98.85 96.34 DUMOLLIR Sett pric 91.27 91.84 91.90 81.94	-0.0 -0.0 -0.0 A FUTUS -0.0 +0.0 +0.0	96.85 96.06 1 96.67 1 96.37 1 91.35 1 91.35 91.85 2 92.02 4 91.95	9 DM1m pc 96.83 96.83 96.63 96.33 L1000m pc Low 91.25 91.97 91.91	Est. voi 1585 16400 22998 15680 ints of 1009 Est. voi 8454 3733 752 447
Jun Sep Dec Mer is Theress Jun Sep Dec Mer	Open 98.84 96.86 96.35 96.35 90.00000 91.30 91.85 92.00 81.91	Sett pric 98.84 98.85 98.34 DFROLIR Sett pric 91.27 91.84 91.90 81.94	-0.0 -0.0 -0.0 A FUTUR -0.0 +0.0 +0.0	96.85 96.85 1 96.87 1 96.87 1 96.37 1 91.35 91.89 2 92.02 4 91.85	96.83 96.83 96.63 96.63 96.33 L1000m po Low 91.25 91.81 91.97	Est. voi 15585 16400 22998 15680 ints of 1009 Est. voi 8454 3733 752 447
Jun Sep Dec Mer IE THENEE Jun Sep Dec Mer	Open 98.84 98.86 98.35 MONTH 1 Open 81.30 81.91 Open 81.91 Open 81.91 Open 81.91 Open 81.91 Open 91.95 92.00	Sett priv 98.84 96.85 96.34 rumoum Sett priv 91.27 91.84 91.90 81.94 Sett priv	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 +0.0 +0.0	96.85 96.85 1 96.87 1 96.97 1 96.97 1 96.97 1 97.35 9 High 1 91.35 9 92.82 2 92.82 4 91.95	2" DM1m pp 96.83 96.83 96.83 96.33 L1000m pc Low 91.25 91.81 91.97 91.91	Est. vol 15885 15400 22998 15880 15880 ints of 1009 8454 3733 7571m point Est. vol
Aun Sep Dec Mar E THENEEL Jun Sep Dec Mar In Theresid	Open 95.84 96.84 96.86 96.35 PRONTH 1 Open 91.80 81.91 PRONTH 1 Open 91.85 92.00 81.91 PRONTH 1 Open 98.18	Sett priv 98.84 96.85 96.34 CUTROLLIP Sett priv 91.27 91.84 91.90 81.94 EUPRO SNI Sett priv Sett priv Sett priv	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 +0.0 +0.0	96.85 96.85 1 96.67 1 96.97 1 96.37 1 91.35 91.89 2 92.02 4 91.95 1 91.85 92.02 92.02 92.02 93.02 94.91 95.92 96.92 96.92 96.92	96.83 96.83 96.83 96.83 1.1000m pc Low 91.87 91.81 91.97 91.97 96.19	Est. vol 15985 15985 15980 22998 15680 into of 1009 Est. vol 3733 752 4577m points
Aun Sep Dec Mar IE THEREE Sep Dec Mar IE THEREE IN THEREE	Open 95,84 96,84 96,85 96,85 96,047111 1 Open 91,30 91,95 92,00 Open 98,18 98,12	Sett priv 98.84 96.85 96.34 10700 LIP Sett priv 91.27 91.84 91.84 91.94 5010 Shi Sett priv 98.19	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.67 1 96.57 1 96.57 1 91.35 91.85 2 92.02 4 91.95 14 91.95 14 91.95 14 91.95 14 91.95 14 91.95 14 91.95	9 DM1m pp 96.83 96.83 96.83 1.1000m pp Low 91.25 91.91 91.97 Low 96.19 96.12	Est. vol 15985 15400 22998 15880 15880 15880 15880 752 447 SF17m p. lvol 3893 4399
Jun Sep Dac Mar IE THREEE Jun Sep Dac Mar IE THREEE Jun Sep Dac Mar	Open 96,84 96,84 96,89 96,85 96,00 91,85 92,00 81,91 Open 98,18 98,12 97,88	Sett pris 98.84 98.85 98.85 98.34 DJMOLIN 91.27 91.84 91.80 81.94 EURO EN Sett pris 68.16 98.16 98.16	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 +0.0 +0.0	96.85 96.85 1 96.57 1 96.37 1 96.37 1 91.35 9 1.89 1 91.35 9 92.18 9 1.85 9 1.85 9 1.85 9 92.18 9 98.18	96.83 96.83 96.83 96.33 L1000m pc Low 91.25 91.81 91.97 81.91 Es (LFFE) 3	Est. voi 15595 15400 22998 15880 ints of 1009 Est. voi 3733 752 447 SF71m point Est. voi 3523 439 661
Aun Sep Dec Mar Sep Dec Mar THERESE LAIN Sep Dec Mar	Open 98.84 98.84 98.85 96.35 PAONITH I Open 91.30 91.85 92.00 81.91 PAONITH I 98.18 98.18 97.84 97.61	Sett privilege (98.84 98.85 96.34 10.77 91.27 91.84 91.90 81.94 10.77 96.18 91.90 50 96.19 96.16 97.50 97.50	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.57 1 96.37 1 96.37 1 96.37 1 91.35 91.89 2 92.02 4 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 14 91.85 15 91.85	96.83 96.83 96.83 96.83 98.33 L1000m pc Low 91.25 91.91 91.97 91.97 96.19 96.19 96.19 96.19 97.57	Est. voi 15885 15490 15880 15880 ints of 1009 Est. voi 8454 3733 752 3773 5771m point 543 499 861 101
Aun Sep Dec Mar Sep Dec Mar THERESE LAIN Sep Dec Mar	Open 98.84 98.84 98.85 96.35 96.35 96.00 778 1 91.30 91.30 91.30 91.30 98.18 98.18 98.18 97.61 MONTH 1	Sett priv. 98.84 98.85 96.34 10.700 LIP Sett priv. 91.27 91.84 91.80 81.94 10.700 SM Sett priv. 98.19 98.19 98.19 98.19 97.50	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.67 1 96.37 1 96.37 1 96.37 1 91.35 91.89 2 92.02 4 91.89 4 91.89 9 High 1 95.18 9 95.18 9 95.18 9 95.18	9- DM1m p. 96.83 96.83 96.83 98.33 L1000m pc L0w 91.25 91.91 91.91 Low 96.19 96.12 97.87 97.87	Est. voi 15885 15400 22998 15880 ints of 1009 Est. voi 8454 3733 752 447 SFr1m point Est. voi 3823 4399 961 1001 s of 100%
Aun Sep Dec Mar Sep Dec Mar Sep Dec Mar Herrick Lium Sep Dec Mar Herric	Open 98.84 98.84 98.85 96.35 PAONITH I Open 91.30 91.85 92.00 81.91 PAONITH I 98.18 98.18 97.84 97.61	Sett price 98.84 98.85 96.34 10780-1878 91.27 91.84 91.90 81.94 80.90 97.90 97.59 60.750 97.59 Sett price 97.50 97.50 501 price 97.50 Sett price 97.50 97.50 Sett price 97.50 Se	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.87 1 96.87 1 96.87 1 96.87 1 96.87 1 91.35 2 92.02 4 91.85 2 92.02 4 91.85 3 97.81 3 97.81 3 97.61 3 97.61	96.83 96.83 96.83 96.83 98.23 L1000m pc Low 91.25 91.91 91.97 91.97 96.19 96.19 96.19 96.19 97.57	Est. vol. 15585 15400 22998 15680 inte of 1009 Est. vol. 8454 3733 752 4399 Est. vol. 3523 4399 Est. vol. 101 a of 10096 Est. vol. Est. vol. 6551
Aun Sep Dac Mar I THREE Aun Sep Dac Mar II THREE I THR	Open 98.84 98.84 98.85 98.35 MORETH I Open 91.85 92.00 81.91 99.18 98.12 97.85 98.12 97.85 90.11 MORETH I Open	Sett price 98.84 98.85 96.34 price 98.27 91.84 91.90 81.94 2010 Sett price 98.16 97.90 97.90 EUROVES Sett price 96.17	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 96.87 1 96.87 1 96.87 1 96.87 1 91.35 9 1.89 2 92.02 4 91.95 14 91.95 14 91.95 15 98.21 2 98.21 3 98.18 3 97.91 3 97.91 1 98.46 1 97.91	9 DM1m pu 96.83 96.83 96.83 1.1000m po Low 91.25 91.91 91.91 Low 96.19 96.19 96.19 97.87 7100m point	Est. voi 15935 15400 22998 15800 1045 of 1009 8454 3733 752 447 Est. voi 3523 4398 861 10196
Jun Sep Dec Mer	Open 98.84 98.85 98.35 98.35 98.35 98.35 99.35 9	Sett priv. 98.84 98.85 96.34 EUROLIFE Sett priv. 91.84 91.80 81.84 EURO SAL 97.90 97.59 EUROVE 96.19 96.17 96.87 96.87 96.87	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.87 1 96.87 1 96.37 1 96.37 1 91.35 91.80 2 92.02 4 91.85 94.89 2 98.20 96.18 97.61 8 97.61	9 DM1m p. 10w 96.83 96.83 96.83 98.83 11000m pc 11.25 91.91 91.91 10w 96.19 96.12 97.87 7100m point 1.0w 98.86	Est. vol 100% Est. vol 100% Est. vol 100% Est. vol 1009 Est. vol 100% Est. vol 100% Est. vol 100% Est. vol 18
Aun Sep Dec Mar III THENEIE Aun Sep Dec Mar III THENEIE Aun Sep Dec Mar III THENEIE	Open 98.84 98.85 98.35 98.35 98.35 99.35 99.35 92.00 91.85 92.00 91.85 92.00 98.18 98.12 97.85 97.61 MORTH 98.85 97.61 98.55	Sett priv. 98.84 98.85 96.34 10700-1070 Sett priv. 91.84 107100-1070 Sett priv. 98.19 96.16 97.50 97.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59 107.59	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 1 96.87 1 96.87 1 96.87 1 96.87 1 91.35 91.89 2 92.02 4 91.85 14 91.85 95.18 97.61 3 97.61 16 (UFFE) 1 06 #8ph	9- DM1m p. 96.83 96.83 96.83 98.33 L1000m pc Low 91.25 91.91 91.91 Low 96.19 96.12 97.87 7100m point Low 98.86	Est. vol 100% Est. vol 15885 15880 1
kun Sep Sep Sec Afor I THREE kun Sep Sec Afor	Open 98.84 98.85 98.35 99.35 99.35 92.00 91.85 92.00 91.85 92.00 91.85 92.00 98.18 98.12 97.85 97.61 MORTH 98.55 97.61 MORTH 98.55 97.61 98.55 97.61	Sett price 98.84 98.85 96.34 rtmouse 591.27 91.84 81.87 91.80 97.50 97.50 97.50 Sett price 96.17 98.87 98.57 rccu rumouse 96.17 98.57 9	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 96.85 1 96.87 1 96.87 1 98.37 1 91.35 91.89 2 92.02 4 91.89 90 High 2 98.21 3 95.18 3 97.61 3 97.61 1 98.86 4 98.57 FFE Eculum	96.83 96.83 96.83 96.83 96.83 96.83 1.1000m por Low 91.25 91.91 91.97 91.97 91.97 97.57 7100m point Low 98.86 99.54 points of 10	Est. vol 100% Est. vol 15885 15880 into of 1007 Est. vol 22998 15880 into of 1007 Est. vol 3733 7752 447 SFr1m point Est. vol 3823 4399 861 101 s of 100% Est. vol 0 18 1344
Aun Sep Dec Mar E THENESE Aun Sep Dec Mar H THENESE Aun Sep Dec Mar	Open 98.84 98.85 98.35 98.35 98.35 99.35 99.35 92.00 91.85 92.00 91.85 92.00 98.18 98.12 97.85 97.61 MORTH 98.85 97.61 98.55	Sett price 98.84 98.85 96.34 rtmouse 591.27 91.84 81.87 91.80 97.50 97.50 97.50 Sett price 96.17 98.87 98.57 rccu rumouse 96.17 98.57 9	-0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0 -0.0	96.85 96.85 96.85 1 96.87 1 96.87 1 96.87 1 91.35 91.89 2 92.02 4 91.89 90 High 2 98.21 3 95.18 3 97.61 3 97.61 1 98.86 4 98.57 FFE Eculum	9- DM1m p. 96.83 96.83 96.83 98.33 L1000m pc Low 91.25 91.91 91.91 Low 96.19 96.12 97.87 7100m point Low 98.86	Est. vo. 15935 15400 22998 15880 158

WORLD INTEREST RATES

Beighim week ago France week ago Germany week ago helend

POUND SPOT FORWAR 16.2855 18.2074 18.2322
47.5860 47.3860 47.2154
8.9247 8.8835 7.3199 7.2890 7.2897
7.8206 7.7787 7.7613
2.3156 2.3090 2.2873
357.933 368.380
0.9701 0.9881 0.9884
2525.86 2346.57 2362.92
47.5680 47.3280 47.2154
2.5768
8.9402 9.8640 9.8833
288.819 295.678 296.194
191.842 191.117 191.657
10.3058 10.1357 10.2063
1.8799 1.8625 1.8595 2.3 2.7 2.1 0.7 2.2 16.1572 47.9054 8.8312 7.2819 7.7934 2.2869 104.9 106.8 107.7 91.0 109.4 108.8 67.2 98.4 75.6 106.8 106.9 98.6 95.2 81.8 88.8 112.8 +0.0063 105 126 +1.463 451 851 +0.0001 685 700 +5.68 927 143 +0.1965 951 386 +0.0105 861 861 +0.0286 165 337 +0.767 320 912 +0.33 562 772 +0.080 552 765 +0.03 676 693 1.0 0.9871 -4.2 2378.02 2.7 47.0064 8.0 2.5581 1.1 9.8842 2.5708 8.0 9.8833 1.1 236,194 -2.2 3 101,857 -1.8 10,2063 -0.1 1.8595 4.0 9.8842 237,009 192,152 10.208 1.8467 1-2189 1.5150 1.5085 1.5014 1.4962 2.0672 2.0609 11.1973 11.1230 -0.0014 089 - 118 -0.0018 975 - 988 +0.0045 618 - 696 -0.106 232 - 601 2.0574 96.7 1,5121 -0.0086 184 - 207 1,9224 1,9184 -0.0123 861 - 945 11,7201 11,6772 +0.1016 972 - 303 51,9305 51,5970 51,7638 +0.1016 972 - 303 4,8024 +0.0012 971 - 077 160,962 -0.562 896 - 067 3,7862 +0.0032 833 - 871 2,2136 -0.00274 118 - 154 39,5672 -0.0028 798 - 545 5,6680 -0.0052 859 - 700 2,1297 -0.0041 278 - 301 6,8953 +0.2477 857 - 048 1178,17 -0.07 775 - 880 41,1049 -0.0508 904 - 194 38,2372 -0.014 157 e 837 137,7 3.7894 3.7808 2,2227 2,2115 39,6550 38,4795 5,6819 5,6614 2,1349 2,1254 8,7138 6,4543

+0.0835 587 - 630 +0.16 380 - 480 +0.027 950 - 860 +0.0167 348 - 419 +0.0232 845 - 655 +0.0076 292 - 297 +1.2 200 - 320 -0.0016 585 - 601 +2.25 150 - 200 +0.19 350 - 450 +0.0966 116 - 125 +0.026 633 - 510 +0.34 800 - 650 +0.045 875 - 975 +0.032 360 - 339 -0.0014 109 - 119 -0.068 296 - 304 10.7710 10.8910 91,4600 31.2710 5,9023 5,8610 4,8420 4,8119 5,1740 5,1420 1,5812 1,5198 10.7414 31,385 5,889 4,8319 10.6994 81.27 5.872 4.6198 5.1438 1.5212 248.285 1.5607 1579.35 1.7019 6.5586 157.395 127.505 6.821 1.2555 1.5085 A.8420 4.8119 4.8319
5.1740 5.1420 5.1581
1.5812 1.420 244.835
1.5825 1.5669 1.5598
1562.85 1550.50 1567.8
31,4800 91.2710 31.887
1.7170 1.7032 1.7087
6.5739 6.8300 6.85641
156.650 155.810 158.775
126.940 128.250 127.075
6.8210 6.7237 6.8036
1.2380 1.2380
1.5152 1.5085 1.5107
1.2356 1.2285 1.2308 -24 -24 -20 34 05 -07 - 987 - 999 +0.0001 911 - 914 +0.0043 645 - 650 -0.063 620 - 620 0.9915 0.9911 1,3657 1.3639 7,3900 7,9800 1.272 -1,9 1.2755 -1.7 1.2942 -1.8 7.7957 -0.1 7.7975 -0.1 7.7645 -0.4 34.4 -5.3 34.705 -6.3 36.175 -5.6 3.1807 3.1730
34.4 -5.3 34.705 -5.3 36.175 -5.1
3.1807 3.1730
3.1807 3.1730
34.4 -5.3 34.705 -5.3 36.175 -5.1
3.1807 3.1730
3.1807 3.1730
108.07 5.0 105.17 5.1 101.43 4.8
45 -0.0045 040 - 090 2.5055 2.4865 2.5054 -0.4 2.5115 -1.1 2.535 -1.2
46 -0.0034 639 - 654 1.4658 1.4630 1.4677 -2.5 1.4736 -2.4 1.4961 -2.3
10 +0.01 300 - 300 26.2800 28.1300 1.4677 -2.5 1.4736 -2.4 1.4961 -2.3
10 +0.0130 090 090 1.4095 1.4095 1.4095 3.0 1.398 2.7 1.3736 -2.5
10 +0.0130 090 090 1.4095 1.4095 1.4055 3.0 1.398 2.7 1.3736 -2.5
10 +0.075 930 -990 27.2120 27.1950 27.2175 -0.8 27.2575 -0.9
10.015 900 - 100 26.3150 25.2820 26.3967 -4.7 27.2575 -0.9
10.016 900 - 100 26.3150 25.2820 26.3967 -4.7 27.2575 -0.9 3.1776 106,515 2.6045 1.4846 26,1800

COC	22	2675	C EN	0.050	IVATE	IES													
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	Apr 25		BF	RATE	FFt	DM	E	L	R	NKr	Es	Ptm	,34Cr	SPT	£	C\$		Y_	Ecu
algion		(BFi		18,75	16.43	4,865	2.099	4966 2648	5.446 2.904	20.89 11.14	497.7 265.4	408.4	21.81 11.52	3.033	2.104 1.122	4.941 2.315	3.180		2.586 1.379
imice estim	ĸ	(DK)	88.08	10 11.42	8.759 10	2.594 2.962	1.087 1.241	3023	3.315	12.71	303.0	245.6	13.18	2.394	1.281	2.643	1.93	6 206.3	1.574
iotypen vland	Y	78) 28)		3.855 6.197	3.376 6.056	2.386	0,419	1021 2436	1.118 2.671	4.293 10.24	102.8 244.1	197.8	4.442 10.80	0.808 1.829 ·	1.032	0.892 2.128	1.55	106.2	1.268
aly letheris	unds.	(L		0.378 3.444	0.331 3.018	0.098	0.041	100. 91178	0.110	0.421	10.02	6.123	0.435 3.968	0.079	0.042 0.386	0.797	0.08		0.052
orway		(NK)	47.88	8.979	7.865 3.301	2.329	0.976	2378 997.8	2,608	10 4.197	288.3	193.1	10.35 4.542	1.883	1,008	2.079	1.52		
ortugai pain		(Ex	24.79	3.768 4.649	4.072	1.206	0.505	1231	1,350	5.177 9.664	123.4	100. 186.7	5.357	0.975	0.522	1.076 2.009	0.78	83.99	0.841
waden	and	(SK		8.678 4.768	7.601 4.177	2.251 1.237	0,844	2298 1263	1.385	5,310	126.5	102.8	5,495	1	0.535	1.104	0.80	8 86.14	0.858
K anada		(CS		8.912 4.320	7.806 3.784	2,312 1,121	0.969	2360 1144	2.588 1.254	9.925 4.811	238.5 114.6	191.7	10.27 4.978	1.869 0.906	1 0.485	2.063	0.732	2 78.04	0.596
8		Ç,	31.45	5.898 5.535	5.166 4.848	1.530 1.436	0.641	1582 1488	1.713	6,568 6,165	156.5 146.9	126.9 119.1	6.797 6.379	1.237	0.662	1.365	0.93	106.6	0.813 0.763
eri Span	_		38.67	7.251	6.352	1.881	0.788	1920	2.108	8.076	1924	156.0	8.956	1,521	0.814	1.679	1.22	131,0	1
				M 125,000		III) ALUIO	por to;	SOMETI PE	me, rate				TUBES	(IMM) Yen	12.5 pm	r Yen 10	0		
19-MD		pen	Lettest	Change				st vol	Open Int.			Open	Letest	Change	Hig	h I	LOW	Est. vol	Open in
un m		6599 6628	0.6562	-0.0037 -0.0038			558 °	10,562 80	31,372	Jun Sep		0.9445	0.9441	-0.0010			.9395 .9535	9,913 204	42,968 1,558
ec ab	u.	-	0.6637	-0.004			637	15	399	Dec		-	0.9675	-	-		-	62	698
STWIS	S FRA	NC FU	COPES (MN) SF 1	25,000 pe	s SFr				R 51	Taria line	PUTUR	CARMED) 83	282,500 p				_	
un		9177	0.8127 0.8206	-0.0036 -0.0038			121 205	9,992 66	42,958	Sep	1	1.5122	1.8112 1.5100	-0.0036 -0.0032		1.	5080 5080	9,395 3	54,407 145
ec oc	Q.	3205 -	0.6268	-0.0020			288	20	688	Dec		- :	1.5060	-0,005	-	1.	5060	6	34
		-								-	e eiu	DODE!		RREN	~v 18	urr o	ATE		
UK I	NTE	REST	RAT	ES						Apr 2		Ecu ce	n. A	eta	Change	%+	/- trom	% spret	d Div.
OND	ON	MON	EY R			_			•	Speir		162.49		est Eco 8.488	on day -0.215	_	1. rate	9.75	8t Ind. 17
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London, 20 & 21 May 1996



Opening Address: A Kazakov, Depuity Prime Minister, Chairman, State Property Committee, G de Selliers, Deputy Vice President and Director of Russia Team, EBRD

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C Granville, Head of Research, United City Bank SESSION 5: RUSSIAN CORPORATE SECURITIES GAZPROM SHARES AND STOCK MARKET: WHAT TO EXPECT

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SESSION 4: ECONOMIC PROGRAMMES OF THE

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PRESIDENTIAL CANDIDATES PARTIES

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R Simonian, First Vice-President, Rosneft **SESSION 6: RUSSIAN CORPORATE SECURITIES** UNIFIED ENERGY SYSTEMS OF RUSSIA AND ITS SUBSIDIARIES A Lopatin, Director, Department of Securities, UES

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Prof R Layard, Director, Centre for Economic Performance London School of Economics

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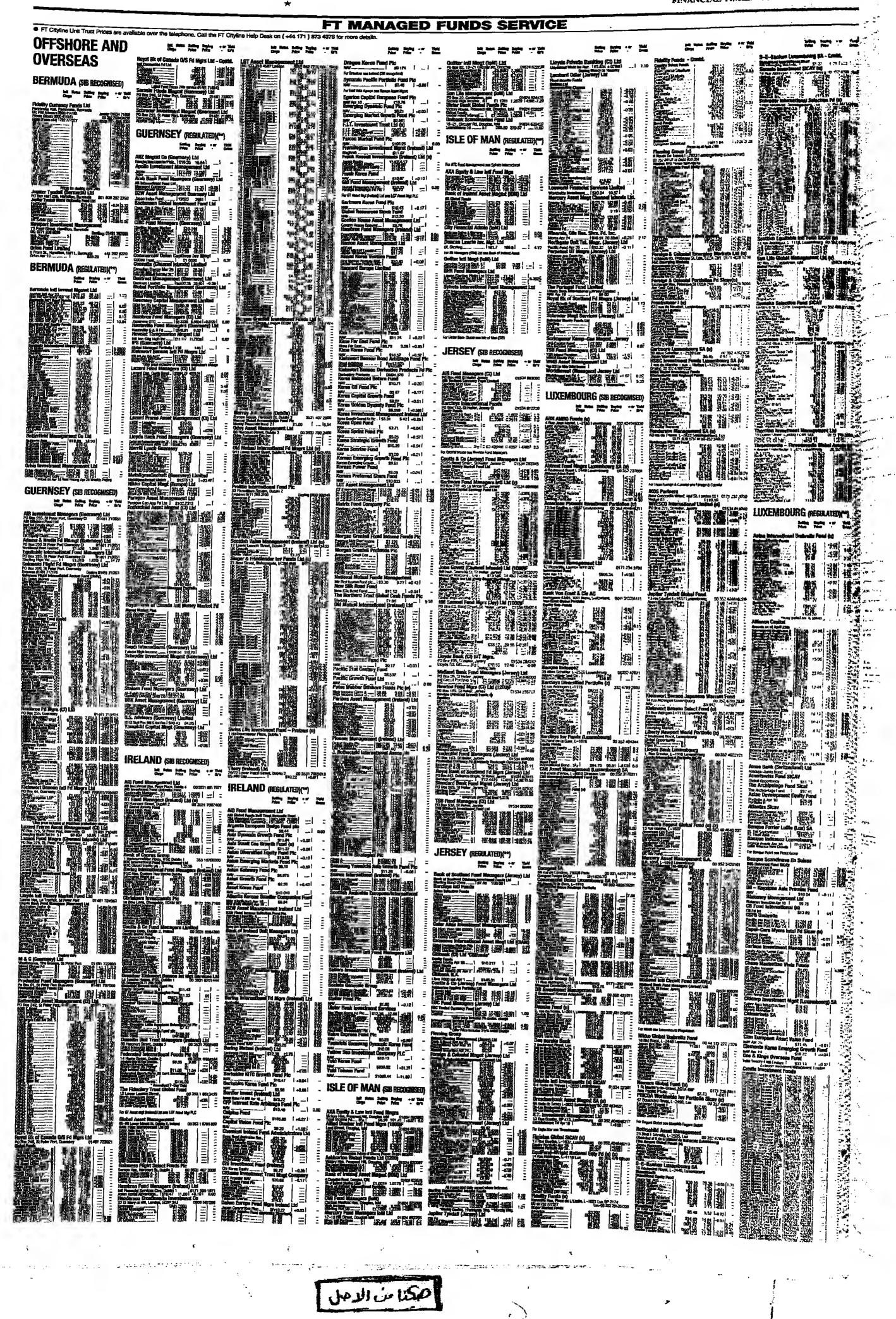
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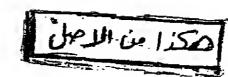
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LONDON STOCK EXCHANGE

Bid talk returns and triggers uptick in equities

UK Stock Market Editor

Disappointing economic news plus a series of profits warnings and the aftermath of the government's veto on generator bids for the recs continued to cast a shadow over the London stock market.

A poor start by Wall Street, which opened under renewed downside pressure, after having retreated 35 points overnight, was another factor unsettling UK stocks.

But the potential for more takeover bids in the marketplace once again proved a potent lure for the big institutions and apeculators. And market sentiment was given a

fillip by the sparkling market debut rumours that a bid was imminent. of Millenium and Copthorne, the hotels group, whose shares ended their first day at a near 20 per cent

premium to the placing price.

By the end of the trading session the FT-SE 100 had recouped all and more of its earlier loss and posted a 1.7 gain at 3,819.3, ending three consecutive sessions of losses.

The FT-SE Mid 250 index, meanwhile, was always outpacing the FT-SE 100 index, and eventually settled at a record closing high of 4,553.3, stimulated by keen takeover speculation in the fund management sector, and especially in Perpetual, whose shares shot forward almost 6 per cent amid strong

It was the utilities sector that continued to capture the market's attention as reports that the government would use its golden share to prevent any takeovers in the generators triggered another big sell-off in National Power and PowerGen. Both stocks were badly hit at the outset, slipping around 3.5 per cent apiece, before stabilising and finishing the session well above the

day's lows. The electricity distribution stocks, mauled on Wednesday as the bids for Midlands and Southern Electric were ruled offside by Ian Lang, the trade secretary, spear-headed a big rally in the recs as the

market began to take on board the March, against expectations of a 0.5 idea that the DTI block on the generators would not prevent wholesale foreign takeovers of the recs.

There was no shortage of activity in the market, where turnover at the 5pm calculation reached 870.9m shares, although well over 65 per cent of this figure was in non-FT-SE 100 stocks. Customer business on Wednesday came out at a healthy

A hangover prompted by the heavy sell-off in the generators and recs on the previous day saw the Footsie off to a poor start and down some 13 points at the opening. News of a disappointing 0.2 per some of the co-cent increase in UK retail sales in cially Tomkins.

Analysts were at a loss to

explain the reaction. The group said nothing that the

City had not pencilled in

months ago," commented one

sector watcher. BAT produces

first-quarter results next

making league with a one-third

share of the market. The

shares jumped 11 to a new high

of 85'Ap in 12m traded. Red-

land, a strong market lately,

eased back 4 to 430p. In the retail sector, Wickes

the specialist DIY group, fell 9

to 130p after a profits warning

following poor January to

March trading. Several analysts downgraded their fore-

casts, although some said there

was a positive story energing

this spring for the company

and the stock could recover

later in the year. Etam, the

fashion retailer, also issued a

profits warning and was down

B&Q. firmed a penny to 596p.

Analysts said Kingfisher was

opening a B&Q near a Wickes

store and it might be taking

MFI, the furniture and DIY

group, also fell S to 179p on the

back of the Wickes statement,

a movement analysts said was

unjustified and was simply

Among hotels, Millenium &

Copthorne, a new issue, was

placed at 278p and closed at

332p. Analysts said it had got

off to a flying start, buoved by

In the drinks sector, Allled

Domeco jumped 8 to 5180 after Kleinwort Benson moved from

sell to hold on the stock. Ana-

lysts said that Allied was likely

to be at the centre of any sector restructuring and that the decline in the spirits industry

market share from its rival.

Kingfisher, which owns

a penny to 164p.

"knee jerk".

the hotel market.

with Redland

lighted Perpetual among a list

of undervalued stocks. Nat-

West finished 5 lighter at 619p.

Conglomerate Tomkins surged to second place in the

Footsie performance charts fol-

lowing a buy note from Credit Lyonnais Laing and specula-

tion that there could soon be

Gates, acquired for \$1.4bn

earlier this year, was a pri-vately owned US company and

much of its financial back-

ground remains under wraps.

But this could soon change.

Analysts expect a Superclass 1

document to be made available

The stock, which has lagged behind the market by nearly 8

per cent over the past three

Tobacco and financial ser-

vices giant BAT Industries fell

back after a cautious annual

meeting statement. The stock

was trailing by 16 at one stage

months, advanced 8 to 270p.

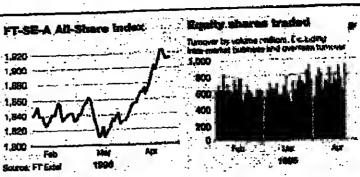
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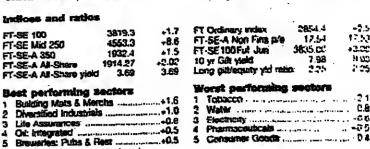
good news on Gates Rubber.

to 0.6 per cent rise, was initially seen as bearish, but quickly gave rise to the view that evidence of a slowdown in the economy could provide the chancellor of the exchequer with more ammunition to reduce domestic interest rates.

After briefly moving into positive ground in mid-morning, the Footsie drifted off again before rallying towards the close of trading.

ICI was the Footsie's poorest performer after warning of lower secand-quarter profits. Of the upside performers, Credit Lyonnais Laing was behind a strong showing by some of the conglomerates, espe-





Power bid talk returns

Regional electricity stocks shook off Wednesday's gloom as bid speculation once again returned to the sector, sending the shares sharply forward.

Both Midlands Electricity and Southern Electric, whose predators PowerGen and National Power were this week prevented from acquiring them, were once again being tipped as likely candidates for a takeover, though this time from the US.

Shares in Midlands jumped 17 to 388p during trade of 4.9m, while those in Southern Electric put on 11 at 835p on turn-

Among the generators, National Power was a late afternoon talking point on speculation that Southern Co. the US utility that has already declared its interest in the UK group, was about to launch a bid. This helped the group's shares claw back part of an earlier loss to end 8 down at 556p after trade of 12m.

PowerGen also regained some momentum and the shares finished 15 lower at 555p. Volume was 3.7m.

BA tumbles

Concern that the top of the airline cycle may be fast approaching severely dented British Airways, which tumbled steeply in above average

strong run lately, moving up from 500p since the end of March, so the profit-takers had plenty to chew on But there was talk yesterday that the fundamental trading outlook might be about to turn

negative.
The recent news flow has been distinctly downbeat. IATA warned this week that airline fleet building was beginning to outstrip demand; the KLM share price has been visibly weak on charter worries: and finally, comments in Australia by BA top management were being given a bearish interpretation by City transport teams.

The stock closed 11 off at 540p in 4.1m traded to return the day's third worst Footsie performance.

ICI warning

Lower than expected firstquarter profits from chemicals leader ICI, together with a warning on second-quarter profits, saw the group's shares relinquish most of Wednesday's strong gain.

The stock had moved sharply ahead in the previous session on hopes that the company would not only post a strong set of figures but would also outline plans to enhance shareholder value.

With no news on a share buyback and figures below most analysts' forecasts, the shares slid 28 to 926p, the day's worst performer in the Footsie, in trade of 3.9m. Several brokers moved to

downgrade full-year profits expectations, including James Capel which cut its figure by £50m to £900m. Kleinwort Ben-The shares have had a son weighed in with a more

severe downgrade, reducing by £100m to £950m, although analysts at the broker said they remained "long term positive" on the stock.

Shares in fund management group Perpetual topped the list of the day's best performers in the FT-SE Mid-250 index after the stock gained nearly 6 per cent on bid speculation.

The shares rose 132 to 2345n. with Germany's Bankgesellschaft, which is said to be interested in acquiring a UK fund manager, mentioned as a possible suitor. The UK's National Westminster Bank was also being talked about as a likely predator.

However, Perpetual said vesterday; "There is no for sale sign outside our window, and we have not been talking to

any group."
Some dealers attributed yesterday's advance to a recent note from Goldman Sachs

which is said to have highbut closed 10 off at 500p.

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Ord. div. yield	3.88	3.88	3.88	3.86	3.93	4.33	4.06	3.79
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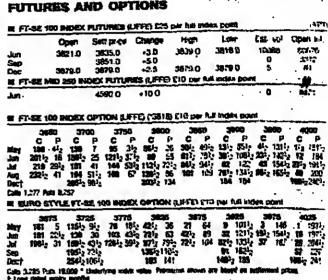
Greenalis group leapt 1312 to 629'4p after its chairman gave an interview in which he said sales were in line with analysts' forecasts and that trading was robust. The company's results are due in May. Shell gave up an early gain

Ibstock shot forward in its in spite of a positive note from NatWest Securities.

Taking a bollish line on the heaviest volume of the year following news of the bricks deal US results season, the broker has upgraded its first-quarter The deal promotes Ibstock to number one in the UK brick

profits estimate for Shell by £45m to £1.22bn. Up 3 at one stage, Shell closed all-square at 864p. British Petroleum put on 51/2 at 591%p and Burmah Castrol ended 11 better at 1048p.

MARKET REPORTERS: Jeffrey Brown, Lisa Wood, Joel Kibazo.



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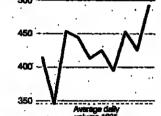
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Pressure on oil pricing upsets Dow

Wall Street

Sinking oil prices pushed the Dow Jones Industrial Average sharply lower in early trading yesterday, while other indices were mostly flat as earnings reports came in near to Wall Street expectations, writes Lisa Bransten in New York.

At 1 pm the Dew Jones Industrial Average was eff 44.44 at 5,509.46, the Standard & Poor's 500 fell 2.99 to 647.18 and the American Stock Exchange composite lost 0.03 at 589.08. Volume on the NYSE came to 268m shares.



12 15 16 17 18 19 22 23 24 26

Technology shares were stable, with the Nasdaq composite off 1.35 at 1,175.48 and the Pacific Stock Exchange technology index 0.1 per cent

In the past five sessions the Nasdaq had risen 5 per cent as a host of companies belped to restore optimism to the sector by posting strenger than ted quarterly earnings. Oil issues, which have risen

sharply over the past several sessions, slipped yesterday, pushing down the Dow, which counts three oil companies -Chevron, Exxon, and Texaco among the 30 in the index. Chevron fell \$1% te \$56%. Exxen lost \$1 at \$83% and Texaco was \$% lower at \$84%.

One factor contributing to the weakness in the eil sector was a press report suggesting that the Organisation of Petroleum Exporting Coun-

Shares in Du Pont, also a component of the Dow, weakened \$4% er 5 per cent to \$79% after Goldman Sachs, the US investment bank, lowered its rating on the chemi-

Procter & Gamble slipped \$% to \$83% after reporting earnings of \$1.07 per share, a cent ahead of analysts' expectations. In recent sessions P&G has been among the large multinationals that have suffered as investors worried about the effects of a rising dollar on export sales. in early trading yesterday the dollar continued to slip against the Japanese yen, but rose against the D-Mark.

Also weighing on the broader markets was continued weakness in the bond market, wbere investors were increasingly nervous about the rising commodity prices and data on unemployment and manufacturing activity due out next week.

Weakness in the bond market took a toll on American International Gronp even though the insurer reported first-quarter earnings that were modestly ahead of expectations. in early trading, AlG's shares were off \$2% or 2 per cent at \$90%.

Quaker Oats appreciated \$11/4 or 4 per cent to \$34% after the food and drinks cempany reported operating earnings of 22 cents a share, 4 cents ahead of analysts' estimates.

Toronto remained firm in midsession trade, belped by strength in golds and good corporate results. The TSE 300 cemposite index was 9.29 higher by noon at 5,125.60 in volume ef a busy 51.5m shares. BCE jumped C\$1.05 to

C\$53.10 as the telecommunicatiens giant turned in strong quarterly earnings. Gold shares were active, although Bre-X Minerals, with operations in Indonesia, fell 75 cents to C\$185.75.

Delrina strengthened C\$2.75 to C\$22.50, while Mitel was 45

Brazil cabinet moves

SAO PAULO was slightly higher at midday as investors 27.35 to 3.225.52. Trading vol-President Fernando Henrique Cardoso would reshuffle sev-

eral cabinet ministers.
The Bovespa index was np
177.68 points at 50,648. MEXICO CITY was soft in by a decline in Televisa shares.

Gold shares moved sharply higher, with key stocks scal-

ing new peaks in busy trade as

the rand sank to a fresh record

low. Bullion's break out of its recent trading range to lift

above \$393 an ounce pushed

the sector index up 3.9 per cent to an 11-week high. The rand fell to R4.4250

against the dollar. Dealers

said its depreciation had made for a confused and pessimistic

market. Industrials were

firmer in cautious trade,

driven by rand jitters which

..180.89

_81.72

NATIONAL AND

Televisa was dewn 3.1 per cent in its benchmark CPO The company reported first-quarter losses of 395m pesos,

versus a profit of 150m pesos a

South African golds flourish

enly return te the financial markets if Mr Trevor Manuel, the minister of finance, provided concrete plans on exchange control abolition and rand support. The overall index made 68.4 to 7,048.5, the industrial index

was 44.2 stronger at 8,503.1 and the golds index gained 72.1 or almost 4 per cent at 1.91L1. Anglos forged ahead R7 to

R292, Gencor added 75 cents at R16.75, Freegold soared some 8 per cent to a new high of R45 and Loraine made 8 per cent to

Political hopes steer Madrid to all-time high

Hopes that the centre-right way to profit-taking which left Popular party would soon the stock SFr1 off at SFr1.333. Popular party would soon strike a deal with Catalan nationalists to form a stable government left MADRID at an all-time high.

The General index rose 1.82 to 359.95.

Analysts expected that the market would remain strong, although they pointed to 360 as a strong resistance level. Telefónica put on Pta45 at Pta2,195 after it announced

by 20.3 per cent. Popular declined Pta360 to Pta21,910 as it denied rumours that it wanted te take over BCH, unchanged at Pta2,680. Santander picked up Ptal10 to Pta6.160.

that first-quarter profits rose

Huarte, the troubled constructien company, gave up another Pta25 to Pta310 as the company continued to struggle to avoid liquidation following the withdrawal by Hochtlef, the German constructor, from a potential partnership.

ZURICH turned its attention to Swiss Re as the group reported a 53 per cent increas in 1995 group net profits, but an early surge in the shares to a high of SFr1,324 soon gave

The SMI index followed much the same course, turning back from a peak of 3,682 to close 0.3 easier at 3,668.1, with much of the action driven by derivative dealings

Industrials and banks were mostly lower. UBS fell SFr7 to SFr1,222 ahead of first-quarter results due today, but SBC added SFr1 at SFr468. FRANKFURT moved quietly

higher in the Ibis as the dollar improved. The Ibis ended at 2,538.68 after a close during floor trade of 2,532.41. Daimler-Benz finished up DM8.20 at DM845.80 on forecast sales as Bayer fell DM5 to

DM511.30 after going ex-divi-

dend and having announced a

rise in pre-tax profits in the

first quarter slightly above

expectations.
Lufthansa slipped 70 pfgs to DM252.30 after reporting a rise in first-quarter passenger traf-fic. Wella was unchanged at DM720 after announcing a fall

AMSTERDAM looked at the first-quarter results from KNP BT, did not like them and

FT-SE Actuaries Share India 10.30 11.00 12.00 13.00 14.00 15.00 Close Hourly changes FT-SE Eurolauck 100 1886.28 1886.44 1685.78 1686.60 1684.10 1884.28 1686.94 1686.54 1732.81 1734.00 1732.28 1731.83 1732.25 1733.41 1733.82 1733.73 Apr 18 Apr 18 Apr 23 Apr. 22 1681.77 1737.29 1649.21 1708.74 FT-SE Eurotrack 100 FT-SE Eurotrack 200

or 8 per cent to Fl 40. Investors were also unnerved by the group's forecast of a drop in 1996 net. The AEX index lost 2.55 to 551.33.

PARIS was slightly disappointed by the decision by the Bank of France to keep the intervention rate unchanged, and the CAC-40 index softened 5.75 to 2,116.25. Turnover was around FFr4.5bn.

Valeo was up against the trend, rising FFr3.80 to FFr294, as bid speculation continued to mount. Cerus, the French holding company of Carlo de Bene-detti, has said it will examine offers for its near 30 per cent stake in the car parts maker. VIENNA took its cue from

of Sch1.068 OSLO had heavy trading in Wienerberger as shares in the brick maker rallied Sch75 or Transocean, a rig company, and Aker, the offshore and 3.5 per cent to Sch2.215, foll-

time price (8ch) owing news that it was to form

day bull run and touching a The merger news helped to building materials group, as soften a warning from the group that 1996 earnings could the Total index powered to an all-time high. The index made be eroded by the country's 6.53 or 0.8 per cent to 826.07. most severe winter in decades,

Turnover was NKr2bn. as well as by worsening mar-Transocean gained NKr25.5 ket conditions. OMV, the oil and chemicals to a year's high of NKr179 after it announced that Sonat Offgroup, continued to advance shore Drilling, of Houston, ahead of next month's public Terzs, had proposed a merger.
Aker's A shares, which hold
voting rights, climbed NKr250
to NKr2550 as the B stock fell offer. Dealers said foreign investors were behind its Sch2 rise to a new high for the year Nkr1.50 to Nkr111.

Dealers said the company's largest single shareholder, NorResource Group International. was thought to have sold out of B shares and bought up the

ISTANBUL declined as the lira weakened over fears that the coalition government might collapse in a row over allegations of cerruption against the former prime minister, Ms Tansu Ciller.

The market dropped more than 4 per cent in the epening minutes before stabilising, and closed 1,381.97 or 2.1 per cent down at 64,631.23.

WARSAW hit its fourth consecutive year-high but lower volumes and selling after price fixing signalled the market could be ready to consolidate. The Wig index rose 85.3 or 0.7 per cent to 12,499.0 as turnover shrank 9.5 per cent to

146.1m zlotys. Optimus, a computer maker, leapt 6.3 per cent to 34 zlotys on news that it planned to si. a convertible bond at a preminm to the market price. • MILAN was closed for a public holiday.

Written and edited by Michael

Hong Kong loses 1.3% as Topix hits two-year high

Tokyo

The Topix index, a key measure for the stock market, hit its highest level in nearly two years, providing further evidence of the market's current strength, Reuter reports from

However, several strategists warned that the market was overheating and could undergo a correction in May. The Topix index firmed 2.25 to 1,714.05, exceeding its last closing high of 1,712.73 registered en June 13, 1994,

The index is a weighting of all 1,100 companies listed on the first section of the Tokyo

"The Topix has confirmed the market's current strength." said Haruyoshi Mabuchi, chief strategist at Nikke Research Center. "As the index comprises all companies in the first section, it really shews hew strong the overall market is." The benchmark Nikkei index

of the 225 most heavily traded shares shed 51.95 te 22,230.10. while its June contract receded 70 peints to 22,250. Dealers described the dip in the Nikkei as a brief pause in a continu-

Volume was a heavy 696m level for the first time since Tuesday of last week. This cempares with 507m Wednesday, Gainers exceeded losers by 620 to 480, while 135 issues were unchanged.

The Nikkei 225 average had burst through a key level of 22,000 on Monday to close at 22,123.89, it's highest level

since February 7, 1992, when it ended at 22,107.12. in London the ISE/Nikkei 50 index gained 1.54 at 1,491.83. Some strategists said the market, which is close to many analysts' mid-year targets already, might run into probems in May when current inflows of fresb funds might

Analysts and traders, however, agreed that in the short term the market would continue its latest rally, which started in mid-March driven by ample funds from both foreign and domestic institutional

Stock markets are closed on Monday and Friday next week for the Golden Week boliday The 300-share Nikkei edged forward 0.14 te 317.58, while the second section index climbed 11.23 to 2.226.97.

Roundup

HONG KONG fell 1.3 per cent. sapped by renewed weakness in US stocks and bonds overnight. The Hang Seng index lost 145.31 to 10,753.38 in turnover up slightly to HK\$3.4bn. Leading banks led the downturn as they again came under further pressure en worries over the current mortgage rate war. HSBC dipped HK\$1.50 to HK\$114.50, as did Hang Seng

Bank to HK\$75.75. Bank ef

East Asia slipped 50 cents to HK\$25.50. Key blue chips were broadly lower. Cheung Kong eased 50 cents to HK\$53.75. Sun Hung Kai Properties HK\$1.75 to HK\$71.75 and HK Telecom 30 the day in negative territory. Selective demand was seen

cents to HK\$14.65. SEOUL saw late profit-taking trim sharp early gains and the composite index ended 8.08 up at 964.69 after touching this year's record intra-day peak of 977.44 in morning dealings. Trade was active, 57.2m shares changing hands.

Brokers said institutions, and particularly insurance to the stock market to compensate for softening bond yields. Among banks and insurers, Bank of Pusan gained Won300 at Won10,700 after hitting a year's high of Won10,900. Samsung Fire Insurance rose

Won30,000 te its limit of Won543,000. Posco moved ahead Won3,500 to the day's upper limit of Won62,300 on expectations that steel export prices would rise. KUALA LUMPUR was

broadly weaker, although large gains were seen in the shares of Malayan United Industries and Pengkalen Holdings. Sec ond board shares were sharply lower as investors pared posi-tions ahead of a long holiday

The composite index ended

7.30 weaker at 1,162.14, while the second board index lost 12.40 or 2.5 per cent to 482.64. MUI and Pengkalen jumped on speculation that MUI would launch a hostile bid for Pengkalen. MUI, which rose 38 cents to M\$2.54, aaid on

Share price and logicy included.

Wednesday that it had bought a 31 per cent stake in Pengkalen, ahead 80 cents at M\$7.90. SINGAPORE remained cautieus and the Straits Times Industrial index put on 3.57 at 2,384.75 after spending most of for property stocks. Singapore Land rose 25 cents to \$\$10.20, while DBS Land was up 10 cents to \$\$5.30. Analysts said that caution over possible measures to curb speculation in the property market had not evaporated but there were investors looking to buy stocks at lower levels.

an alliance with Terca Brick

The ATX index moved up

1.32 to 1,130, extending a six-

Industries, of Belgium.

new 19 month high.

BOMBAY fell sharply after an early spurt as investors unwound positions ahead of the end of the account. The BSE-90 index climbed to a 17month high of 8,950.82 before ending 32.96 down at 3,836.91. Analysts said the Unit Trust of India sold heavily as prices soared in early trade, and

towards the close it came in again to sell selectively. SHENZHEN's local currency A shares lost ground after Wednesday's 8.6 per cent rally to a 1996 high. The index declined 8.68 or 5.7 per cent to

and renewed rumeurs about

BANGKOK edged lower, with attentien directed towards the release of economic data from the Bank of Thailand. The SET index shed 1.98 to

the failing health of the aged

Chinese paramount leader

Deng Xiaoping.

1,303.70 in turnover of Bt4.3bn. But dealers said there was little initial reaction to the latest set of ecenomic data released by the bank which said the current account deficit had widened to Bt31hn in February from January's Bt14.7bn. PTT Exploration & Production rallied Bt22 to Bt356 on speculation that it weuld

announce further gas reserves. JAKARTA saw investors take profits fellewing the recent rally. The JSX index fell 4.839 to 625.380 in turnover of Rp463.7bn. close at 144.15 on profit-taking

Property stocks rose on news about a new taxation ruling on property companies, which tax on sales and 6 per cent tax on rental revenues. The property index rose 6.357 to 143.734. Among the properties, Ciputra Development rose Rp450 to

Rp5,300 on 1.6m shares. TAIPEI retreated on selling in financials which had been brought about by reports that provincial state-run banks would sell holdings in the stock stabilisation fund before July. The weighted index lost 16.66 to 5.970.15. Turnover was T\$65.2bm.

A demestic newspaper reported that the banks had decided to divest nearly T\$9bn in a government stock stabilisation fund to boost earnings figures before the end of the fiscal year on June 30.

Financials fell 1 per cent as a group, with the major state-run banks, Chang Hwa, First Commercial and Hwa Nan, losing a respective T\$3.50, T\$4 and T\$2 to T\$144.50, T\$145 and T\$136.50.

This announcement appears as a matter of record only



POLTAVA PETROLEUM COMPANY, Ukraine

USD 8,000,000

Senior term loan to finance the development of the Novo Nikolaevskoye oil and gas field complex

> PROVIDED BY European Bank for Reconstruction and Development

OTHER PROJECT FUNDING PROVIDED BY





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RECRUITMENT

atherine Hakim, JOBS: The facts of life for women in the workforce may not be all they see researcher at the London School of Economics, has earned herself notoriety among Babies who triumph over big busines many fellow academics for holding unfashionable views which chal-

lenge certain feminist beliefs about women and employment. Hakim says her research shows that women prefer men as their bosses, that most women and men still regard wives as having the primary responsibility for housework and husbands as the main bread-

winners, and that the full-time working woman is in the minority. Her findings emerged earlier this year in an article for the British Journal of Sociology. She has now expanded her thesis into a book.*

It may be that Hakim has chosen to take a deliberately confrontational stance, but her findings cannot be ignored. She reports, for example, that half the working women who have a baby drop out of the workforce for a year or longer. The chances of a woman returning after having a baby to a job held open to her by an employer are no more than 50/50 - a real issue for small employers who bear the cost of holding open such jobs.

The findings should not be used to challenge women's right to equality in the workplace. But it may be that there has been an overemphasis on the glass ceiling and less attention paid to why many women drop out of their careers,

would suggest there is a danger of the equal opportunities laws dis-

criminating against the employer. Her findings also demonstrate that attitudes and employment approaches of men and women continue to differ markedly. This has implications for management development. Some employers are already finding that many women drop ont of their management streams at stages where they would

have been approaching senior jobs. Such observations can only ha frustrating for women who are single-mindedly pursuing demanding careers, but they suggest that the truly egalitarian workplace where women are equally represented in every area may remain a dream.

Rent-a-head

The Battle of Towton moor in Yorkshire took place more than 500 years ago, but it somehow came to mind when thinking about interim management. It was fought in a snow storm on Palm Sunday in 1461. An accurate number of the

turning their backs on manage-ment. If this is happening widely, it went into the tens of thousands, enough for Towton to be recorded as the bloodlest battle on English

> It was one of the many encounters in the Wars of the Roses between the houses of Lancaster and York. The Yorkists won on this occasion although neither army comprised vast numbers of county yeomen. Rather their ranks were swellen by thousands of foreign mercenaries who were roaming Europe, fighting for whoever could offer them an attractive purse.

Are we, at this late stage of the 20th century, witnessing the growth of the professional itinerant executive, cast adrift through no fault of his or her own, and willing to do battle for anyone who can pay the right price? A new guide,** pro-duced by the Association of Temporary and Interim Executive Services, a trade body, estimates that in the UK alone there are between 8,000 and 10,000 senior executives operating as interim managers. The market, it reckons, is worth about £200m a year and is growing at a rate of 25 per cent a year

Headhunting firms are growing increasingly interested in servicing this specialist market through dedi-cated operators. Egon Zehnder, for example, has EIM and Heidrick & Struggles has Protem. Boyden International has gone one step further by applying its own brand name to Boyden Interim Executive, run by Martin Wood who for five years managed the interim management

arm of PA Consulting. Wood says that many businesses continue to find difficulty with the concept of interim management. He likes to use the term headrenting, which he thinks fits neatly alongside headhunting.

To help potential customers. Wood distinguishes between different roles the temporary executive might play. For example, there is contract temping, which involves keeping a seat warm and a business or department ticking over.

A more demanding proposition is the true interim manager who is geared more towards project manement. The executive would be usually over-qualified for the task, enabling him to get on with the job quickly from day one.

While the contract temp might look towards a permanent position, the new breed of interim will be bappier to move from assignment to assignment. Companies, says Wood, are slowly coming to terms with the advantages of this kind of just-in-

It is not cheap. A £40,000 a year job would probably be billed by an individual at the equivalent of £60,000, and the agency would expect to get a proportion equivalent to £20,000 a year on top.

One reason for the growing popularity of interim management. according to Andrew Garner of Boyden, is that fewer companies are prepared to carry the management overheads involved in succession planning in the current business climate. "They will be bringing in managers as needs must," he says. "What is not happening in manage ment thinking at the moment is any consideration of when these changes will start to have their impact in the boardroom.

Changing employment demands have already filtered through into shorter contracts and longer hours for many senior executives. The room composition and whether every member is e their place at the table. The Wa the Roses were terribly destruct to those at the top.

Breaking through

An outplacement package is probably rightly regarded as one of the best ways of helping those who have lost their jobs in a redundancy programme find new employment. The search techniques and processes for coming to terms with the upheaval of job loss offered by outplacement specialists can prove invaluable. But it is expensive and cheaper options may be more attractive for those who would prefer a cash alternative.

The reason for mentioning this is bookt that has come across my desk covering many of the most effective strategies for dealing with sudden unemployment and the need to find a new job. The book is called Breakthrough, written and published by Anthony Weldon, a self-employed printer and publisher (price £12.99). Without any back-

ground in the recruitment or out placement business. Weldon has picked up the essentials, which are not particularly complicated, and ontlined them in a format that enables the reader to dip into whatever topic is most pressing.

It advises how to deal with the emotional impact of redundancy, the feelings of denial, anger, rejection, insecurity, depression and desire for revenge. Although much of the advice is common sense, it can be so easily neglected - for example, the need to understand that your loss is also your partner's. There is important financial vice on pensions, benefits and sonal hudgets. Other sections you determine your desired re career path, how to job h, including networking, how put a CV and bow to conduct

*Key sues in Women's Work: Female strogeneity and the Polar-isation Women's Employment, published by Athlone Press, price E35, hardback, or £14.95 in paper.

**The ATIES guide to interior man-agement is proof at £9.95, tel 0171 323 4300

Breakthrough can be obtained from bookshops or from Bene Factum, Weldon's publishing business, tel 0171 690 8616

Richard Donkin

BANKING FINANCE & GENERAL APPOINTMENTS

HEAD OF TREASURY OPERATIONS

Our client is an established European bank which is committed to expanding and developing its presence in the treasury and fixed income markets. They seek an experienced Head of Treasury Operations to develop systems to increase efficiency and facilitate business expansion.

As Head of function, the successful applicant will be responsible for the efficiency and effectiveness of existing operations, product accounting and management reporting. After evaluating the current situration, you will provide advice and recommendations on future strategy which you will be responsible for implementing.

Applicants must have a strong business focus, experience of systems development and in depth understanding of control systems. Detailed technical knowledge of traditional treasury products and derivative instruments

This is a high peofile tole that will appeal to professionals who are motivated by the opportunity to influence a growing and changing business. Long term career prospects are excellent,

If you are currently employed in a similar role in a major financial institution and you are highly systems literate, risk aware, self motivated and with excellent communication skills, please send your cv and a covering letter as to why you feel you will be successful in this position to Helen Higher, Managing Consultant, taking care to include details of your current temuneration. A competitive package will be structured for the

Jonathan Wren & Co Ltd. No.1 New Street, London EC2M 4TP



Tel: 0171 623 1266 Fax: 0171 626 5257

Compliance Advisory

Equities Trading & Equity Derivatives

Goldman Sachs enjoys a global reputation as one of the world's leading investment banking and securities firms. This reputation is built upon the skills, creativity and dedication of our people and can only be maintained with a commitment to recruit the best person for every job.

Our European Equities Compliance group now seeks a senior professional to complement its trading floorbased team, Reporting directly to the head of European Equities Compliance in London, your principal day-to-day responsibility will be to advise and assist sales and trading professionals in complying with the range of legislative, regulatory and internal risk-management procedures that Impact our business Internationally. The role is broad and dynamic and will also involve a variety of project work contributing to compliance-driven technology and support infrastructure enhancements.

You will be a graduate with at least 3 years relevant experience gained within a compliance, product control or regulatory environment. An in-depth knowledge of the

securities markets is essential and an understanding of international securities laws and the regulatory environments in which we operate would be highly advantageous. You will be a self-starter, able to work as part of a dedicated team, and be familiar with the demands of a highly intelligent and articulate professional workforce. A broad technical knowledge of derivative products is a prerequisite. Compensation will be competitive and will reflect normal investment banking

Please apply in writing, enclosing a covering letter and full curriculum vitae. to our managing consultant: Ionathan Astbury.

Astbury Marsden, Hamilton House, I Temple Avenue, London EC4Y OHA. Tel: 0171 353 7533. Fax: 0171 353 7703.



Stx figure package

Premier Personal Banking

Managing Director

One of the most exciting opportunities in UK banking will be to develop the niche banking activities of this major blue-chip financial institution. The Group has proven its ability to attract a large, highly profitable, upmarket retail customer base and now wishes to exploit this differentiated proposition under a leading brand.

THE QUALIFICATIONS

THE ROLE

■ Build a highly focused niche banking business offering the highest standards of customer service and product performance.

 Broadening the appeal of existing products with highly targeted marketing initiatives and extending the product portfolio by cross-selling Group products.

 Key responsibility for strategic development. Training and developing a high performance team and support processes.

> Leeds 0113 2307774 Selector Europe London 0171 493 1238 chester 0161 499 1700

Planet styly with full dynalis to: Selector Decape, Ref. PALE20464. Lé Conneight Place, London W2 2002

■ Talented graduate, mid 30s - mid 40s, with

demonstrable record of success in developing

retail financial businesses. Background with

progressive blue-chip organisations and market credibility. Banking qualification desirable.

Strategic thinker with strong marketing skills and understanding of modern marketing techniques and consumer behaviour. Highly commercial

orientation with well-developed analytic abilities.

Natural leader and initiative taker with first-class communication skills. Effective relationship

builder across internal boundaries.

Spencer Stuart

MORGAN GRENFELL ASSET MANAGEMENT

INSTITUTIONAL MARKETING EXECUTIVE

Morgan Grenfell Asset Management is a leading International Investment Group with an outstanding record of performance in managing assets totalling in excess of £60 billion on behalf of its clients, of whom at least two thirds are domiciled outside the UK. As a result of continuing business growth, the Group is seeking to appoint an additional Marketing Executive to join its well established and highly successful International Marketing team.

Initially, you will be responsible for co-ordinating the International Marketing effort from the London head office. Within the short to medium term it is envisaged that you will assume responsibility for marketing the Group's International Investment products to a diverse range of potential clients within specific geographical sectors. You will work closely with fund managers in preparing new business presentations and will contribute to the ongoing development of new products.

Qualifications

You will be fluent in Spanish and have a proven track record of success in a similar role with a minimum of three years experience. You will be a graduate and ideally have had experience of managing money. You will have strong administrative skills, be self disciplined and energetic. You will possess drive and initiative and be happy to travel frequently.

A highly attractive salary and bonus are offered, together with a generous benefits package. For ambitious and successful individuals long term career prospects are exceptional.

Please reply by letter or fax with a current CV and indication of current salary to KW Selection Ltd., 140 Park Lane, London W1Y 3AA. Fax: 0171 355 1521 Quoting ref: 60937/C1



CREDIT SUISSE **Senior Credit Analysts**

Head Office Zurich

In order to expand our international Credit Risk Management team in Zurich, we are looking for experienced credit analysis. The roles entail:

Financial Institutions Analysts

• Assist in the development of rating methodologies for

of out credit risk management for Financial Institutions

Creation of credit ratings to be used as an important part

banks brokers and the fund management industry

Corporate Analyst

 Independent risk assessment of International company financial institutional and projects

Financial analysis and cashflow forecasting

Manage and co-ordinate the credit process

 Monitor existing exposures and follow-up desinglistry developments

Close contact with relationship manager and clients

Successful candidates, ideally graduates with excellent academic background, should have gained experience in International credit analysis with in a first class financial institution or rating agency. You should be numerate, PC literate and display both strong initiative and decision making skills. Fluency in more than one language would be an advantage. The positions offer an attractive financial package which includes relocation expenses.

Please forward your CV and covering letter to Mr Andre Studer, Human Resources, Credit Sulsse, 5 Cabot Square, London E14 4QR. All shortlisted candidates will be contacted by 20th May 1996.



Head of Foreign **Exchange Forwards**

Commensurate with Position

City

Excellent role as Head of the Foreign Exchange Forwards desk with a global investment bank based in London.

THE COMPANY

 Major UK-based international banking group. THE POSITION

 Manage and lead an FX Forwards team consisting of 8-10 traders.

Build upon current team profitability and ensure

upgrading of team performance.

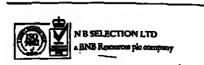
QUALIFICATIONS

◆ Graduate. Min 10 years' trading/sales and min 7 years' FX Forwards trading experience.

◆ Proven customer focus akills. Evidence of good relationships with key customers.

 Excellent money making track record. Crossfunctional experience - sales and trading background desirable. SFA registered ideal.

Please send full cv, stating salary, ref FS604A2, to NBS, 10 Arthur Street, London EC4R 9AY





City 0171 623 1520 • London 0171 493 6392 Aberdeen • Burningham • Bristol • City Edinburgh • Giasgow • Leeds • London Manchesser • Slough • Madrid • Paris

A UNQUE FRAUD PREVENTION ROLE

Reporting directly in the Coveriors of the Bank of England, the Head of the Spi Investigations Unit has a central role in investigating at preventing fraud and other criminal activities affecting he Banking sector. The current incumbent, Ian Watt, will tire late this year and the Bank Is seeking to appoint high coessor. The Unit includes a team of forensic accompants which carries out special investigations and access a source of expert knowledge and assistance for the Bank, and in particular its
Supervision and Superillance Division, on all fraud-related Supervision and Sepeillance Division, on all fraud-matters. The Unitakes the lead in identifying and following up inglients and trends and in developing an alertness within the Bank to potential criminal actions authorised banks. A key responsibility is liaison and toperation with other investigative and ncies within the UK and abroad.

For this high profile role, professional credibility, personal probity and excellent interpersonal skills are important. tive candidates will be Chartered Accountants of over 20 years standing, probably having operated at Partner level with one of the UK's leading accountancy firms. Given the nature of the work, significant previous exposure to investigatory work is essential and it is likely that candidates will also have been involved in official investigations for regulatory bodies or government

The rewards will reflect the seniority of the position and its importance both to the Bank and the financial community: For an informal discussion, please call Ian Watt on 0171 601 3801 or Roy Lecky-Thompson, Personnel Director, nn 0171 601 3131. Alternatively, please write to Roy Lecky-Thompson, Personnel Director, Bank of England, Threadneedle Street, London BC2R 8AH.

The Bank of England is an Equal Opportunities Employer.





igue busines Revelopment role for a. Vent Trust Professional West England Orr. c. 240,100

This is an opportunity to make your mark with Europe's largest mutual life urance company in a fast-developing area of business,

Standard Life's commitment to quality, to investing in people and to ensuring customer satisfaction have all contributed to healthy growth within the industry. We are now looking for an experienced development professional, able to see the broader picture and pass on technical knowledge, to promote collective investment products through both Independent Financial Advisers and our Direct Sales Force in

Working out in the field, you will provide expert advice to the sales force on the unit trust marketplace, new product developments and work with IFA Consultants, IFAs and Stockbrokers to develop potential business sources. This will involve participation in sales meetings, branch meetings and training sessions where specific investment expertise is required as well as direct sales calls on IFAs.

You must have at least three years' Unit Trust sales experience gained in an IFA environment and possess a high level of both unit trust and investment product knowledge coupled with market awareness. Lap-top computer literacy and above average report writing abilities are equally important to this role. Your excellent presentational and training skills will ensure that your workshop presentations are of the highest standard. Bright, personable and with exceptional lialson capabilities, you'll be quick to assimilate new information and be able to communicate persuasively to customers and the sales force.

We offer a competitive salary plus bonus package along with benefits which include a house purchase loan scheme, private medical cover, company car and non-contributory pension. If you feel you can enhance our quality of service and have the tenacity and drive to be involved in developing this new venture, we would like to hear from you.

To apply, please write with full career details, quoting reference 1522/FT, to: John R James, Recruitment Consultant, Standard Life Assurance Company, 40-42 George Street, Edinburgh EH2 2LE. Closing date for receipt of applications 8th May 1996.



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Appointments Advertising

appears in the UK edition every Wednesday & . Thursday and in the International edition every Friday.

For information on advertising in this section please call

Andrew Skarzynskí on +44 0171 873 4054

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Trade Finance

Join a Winning Team

Opportunities to make an impact in an established dynamic trade finance team

Excellent Package

City

SBC Warburg is one of Europe's premier forces in integrated investment banking. Operating on a global scale it is widely regarded as one of the world's most dynamic and innovative financial institutions. Trade Finance is a key business for the group and the Londonbased team has a renut which embraces corporates throughout Western, Central and Eastern Europe.

Recent successes have led to a significant increase in business and we now seek three additional trade finance professionals for the following positions:

- Structured Trade Finance specialist with emphasis on business origination in European emerging markets
- · Expon Credit specialist with experience of multisourced transactions, to work dosely with the Project and Structured Finance Team
- Trade Finance expert to market trade-

related products to SBC Warburg's corporate clients.

At SBC Warburg the accent is on tearnwork and quality of service. To meet our demanding criteria you must have extensive, relevant experience in your chosen field, supported by a strong track record in deal execution. Integrity, professionalism and credibility combined with superior communication skills will enable you to be successful within the Trade Finance team.

In return you can expect an excellent salary and remuneration package designed to reflect the level of contribution we expect, as well as the personal impact you will make on our business.

To discuss these positions further or to apply please contact our Managing Consultant, Ann Semple, at NB Selection Limited, 10 Arthur Street, London, EC4R 9AY, telephone 0171 623 1520. Ref FS60405

≱ SBC Warburg

HONG KONG BASED INVESTMENT BANKING OPPORTUNITIES

Jardine Fleming is Asia's leading investment bank. It has extensive investment banking, asset management, broking and banking operations in 15 countries in the Asia-Pacific region.

Jardine Fleming has a strong reputation for delivering value-added services of the highest quality to clients in Asia and worldwide through the Flemings Group. The Investment Banking team is recognised as a market leader in providing capital markets and advisory services. In view of the rapid growth of these businesses in the region, excellent opportunities now exist for talented individuals keen to develop a career in international investment banking.

The Positions

- · Members of an investment banking team providing clients with a full range of financial advisory services including advice on equity raisings, mergers and acquisitions both domestic and cross-border, privatisations and infrastructure financings.
- · You will work closely with our regional offices and the group's international investment banking network in the origination, structuring and execution of transactions throughout the region.
- d in Hone Kone, with stenificant overse you will have contact with a wide variety of clients and

The Candidates

- Graduates, preferably with a further professional
- Up to 4 years of relevant or post qualification work experience, gained within investment banking, consulting, legal ondior accounting professions an
- Creativity and numeracy, together with strong analytical skills, essential.
- . Ambirious, confident and self-motivated team player. Excellent interpersonal and communication skills.
- Asian language skills helpful.

Interested candidates please apply with a covering letter, full CV and contact telephone number to Investment Banking Department, Jardine Fleming Holdings Limited, 45th Floor, Jardine House, Hong Kong and marked on the envelope "Job Application". Short-listed candidates will be contacted by Jardine Fleming within 6 weeks.



Local Strength with Global Reach

Fixed Income Sales

Bond Division

London

An opportunity has arisen for a career minded professional to join our UK Institutional Sales team. Responsibilities will include selling multi-currency government and eurobonds to fixed income institutional investors in the UK.

The successful applicant will already have an established UK client base and will ideally be a graduate with a minimum of 3 years' relevant experience. You should be a persuasive communicator, who is able to think laterally, and also have good

Competitive salary + benefits

numerical and analytical skills. The need to be self motivated and team orientated is essential. An attractive salary and benefits package is available, commensurate with experience and qualifications.

Please write, enclosing a detailed CV and indicating your current remuneration package to: Mrs Amanda Stevenson, Personnel & Training Manager, Bond Division, Hambros Bank Limited,



Are you ready for a new CHALLE



Holiday Inn Worldwide, the hotel business of Bass PLC of the United Kingdom, operates or franchises more than 2,000 hotels and 370,000 guest rooms in more than 60 countries and territories. Holiday Inn is the world's largest single hotel brand.

To enable us to expand the brand throughout the emerging markets of Eastern Europe we are seeking to recruit additional people:

MAIN RESPONSIBILITIES

to identify potential projects and reliable business partners to undertake due dilligence, and assess feasibility and profitability of projects

to generate creative financing options to ensure compliance with appropriate legal requirements and brand standards to negotiate and conclude profitable deals

The positions may be based in either Prague, Vienna or Warsaw and will require extensive travel throughout Eastern Europe. If you meet the criteria we have set please send your curriculum vitae

Ms Erna Pluym, Holiday inn Worldwide, Neerveldstraat 101/103, Woluwe Office Park, 1200 Brussels, Belghum. Fax +32 2 777 5601

· university level education

· five years business development experience, preferably in hotels, with an impressive track record of concluding significantly complex and profitable deals in Eastern Europe

high degree of numeracy · proven negotiating skills

resourceful and independent fluency in English and German



LONDON BOND BROKING COMPANY LBB - A Division of Albert E Sharp

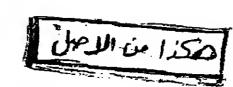
New York

LBB is an independent Agency Broker operating in all aspects of the international bond markets. The sales and marketing teams work together to provide a complete service to their large international client base, located both in the UK and overseas. This comprises independent and market advice, impartial research, best execution, reliable and secure settlement, and guaranteed confidentiality in the marketplace.

Experienced Sales Executives

LBB is seeking senior bond sales executives with proven track records and entrepreneurial qualities to further strengthen its presence in the international bond markets in both London and New York. The company offers a professional working environment and the opportunity for equity participation.

Please write in strictest confidence to: Mr A Bolton, Director of Sales, The London Bond Broking Company, Moor House, 119 London Wall, London EC2Y SET.



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FINANCIAL TIMES FRIDAY APRIL 26 1996

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INVESTMENT BANKING, FROM A TO

candidates for the following positions:

money market, capital market and foreign exchange trading desks.

factors, interest rate movements and any other economic indicators.

candidate's profile.

knowledge helpful.

M. Miliamin

Key Requirements

joint venture formations.

their résumé urgently to:

training and structure of the department.

Key Requirements

One of the largest and most prominent banks in the Middle East is offering excellent opportunities to qualified

SENIOR ECONOMIST The successful candidate for this position will be in his forties, having academic

qualifications (ideally a PhD/MA degree in Economics) with an undergraduate degree in

numerate discipline and a solid research experience in a commercial bank, preferably in

a Middle East banking environment. Report writing skills as well as ability to Interface

with Senior Management of the Bank are some of the other attributes we seek in the

ability to develop economic research studies, evaluate new and existing economic

ability to prepare regular evaluation reports of the Saudi Arabian banking sector

ongoing analysis of global financial markets with a view to focusing on potential new

economic modelling and an ability to forecast the potential effect of various economic

MANAGER - CORPORATE FINANCE

The position demands e mature individual with at least 10 years' Corporate

Finance/Corporate Banking/Syndication experience and at least three years' management experience at a major financial institution. Sound credit skills and the

capacity to market syndicated products is e must. A Business or Economics degree and

the ability to communicate on all levels will be very helpful. Knowledge of Saudi or other guif clients is a definite plus. Fluency in both written and spoken English is a must. Arabic

ability to develop and implement a marketing strategy aimed at soliciting and sustaining relationships with public entities, industrial corporations and trading

capability to propose, structure and implement a wide variety of lending products such

proven knowledge to develop a Corporate Finance Advisory Capability, i.e. provide

fee-based financial services to Saudi and related companies, including services related

to capital formation, restructuring, financial engineering, acquisitions, divestitures and

proven skills to develop and implement strategic plans related to human resources,

The successful candidates for both the positions will receive a competitive financial package consisting of a tax-free salary (at source), furnished housing,

annual vacation, air tickets and an opportunity to participate in the rapidly evolving financial sector within Saudi Arabia. Suitable candidates are requested to send

Recruitment Department

P.O. Box 22613, Riyadh-11416, Saudi Arabia, Fax: (00 9661) 405 7353

as syndicated loans, project financing, leveraged transactions and leasing.

together with the positioning and matching of the Bank's own relative position and

trends and provide critical analysis to appropriate divisions of the Bank, including

Our Client, the largest independent Asian - only equity broking house, have e full range of offices and seats throughout Asia with sales offices in key centres. As a result of continuing success they are now looking for an Individual to be generalist in

ASIAN EQUITY SALES

for each of their offices in Geneva, Hong Kong, London, **New York and Singapore**

Ideal candidates should have a proven knowledge of at least three Asian markets, excluding Japan, plus e background in institutional sales and or investment management. As the company is unbureaucratic and client - driven, the candidates must possess a high degree of initiative and flexibility. Compensation packages will compare favourably with the industry.

Reply in strict confidence to:

LEADER FINANCIAL RESEARCH LTD.

5th floor, 27 Austin Friars, London EC2N 2AA Tel: 256 5550 Fax: 256 5580

> Corporate Finance Analysts/Senior Executives

to £45,000 + bonus

This independent merchant bank with a reputation for integrity and an international network that stretches to the Far East, seeks seasoned Corporate Finance Analysis/Executives

Opportunities exist in specialist industry (including telecoms, healthcare and oil and gas), UK, European and Emerging Markets deal teams for first class candidates with at least 2

To qualify you will either be an Analyst on a US bank training programme or an experienced Executive from a top tier UK or European investment bank, A strong academic record is a must and a second European language would be an advantage.

Closer to the Markets, Credit and Quantitative Analysis to £40,000 + benefits

Are you an excellent credit or quantitative analyst who has always wanted to work with complex derivative products or in a faster moving environment closer to the action?

We are currently handling specific assignments within American, European and UK banking organisations for high flyers with 1-2 years line banking or investment experience who are keen to stretch themselves and get out of the back

Excellent academics are required as is a resilient and well balanced personality. Rewards are superb and opportunities currently exist within product research/structuring areas, trading risk, and credit analysis groups, Many clients are willing to cross train in these competitive markets.

With so much movement and opportunity around, make sure you are taking the best cureer advice, call us today. Please telephone Jeremy Cooper or Zoe Ide on \$171 583 0073 or write to 16-18 New Bridge Street, London EC4V 6AU.

BADENOCH & CLARK

THE GUINNESS TRUST

The Guinness Trust is a charity and registered bousing association providing over 15,000 homes for rent throng

A commercially assure finance professional, able to effectively manage the operation as the Head of the Development Finance Section is sought by the Trust.

require you to:

continuing growth will

This exciting role at a time of

 Provide a comprehens treasury management SETVICE

Play a major role in devising creative bids for new housing projects

Negotiate new funding facilities

· Lead and motivate your

(and possibly an MBA) you will need an impressive background in a managerial position involving raising finance either within an

social housing would be a definite advantage. Your definite advantage. Your proven talent and skills in treasury must be matched with an approachable and icative style and you will be happy working as part of a multi-disciplinary team to right deadlines. You must be able to demonstrate empathy with a service led function which combines rigorous approach to quality.

capacity, or as a lender.

Practical experience of

treasury management and of

capital project appraisal is

essential and experience of

For further details and an app cation form please contact the sonnel Department at High Wycombe on 01494 535823. Personnel Department at a CVs will not be accepted.

If you would like to discuss this position informally please telephone Alfons Dankis, Finance Director. Closing date for receipt of applications: 17th May 1996.

An Equal Opportunities Employer. Charity No: 208076

RESEARCH MANAGER OXFORD UK

A well established Oxford based investment management company with substantial holdings in US private equity funds is seeking to appoint a Research Manager.

Responsibilities will include business intelligence activities, developing investment opportunities and undertaking projects with other members of the team

The successful candidate should have relevant experience, must be capable of detailed and thorough analytical work. have strong communications skills and should have s record demonstrating initiative and motivation. They will probably be about 30 years old.

To apply, please write by 1st May with full CV to: Box A5336, Financial Times,

One Southwark Bridge, London SE1 9HL

EUROPEAN CUSTODY MANAGER

The Franklin Templeton Group is one of the world's largest independent investment fund groups. As part of our continued expansion in Europe, we are currently seeking a Custody Manager to act as primary liaison between Templeton and our European Custodian Banks.

Based in our European headquarters in Edinburgh the successful applicant will establish and maintain relationships with Custodians, perform regular due diligence and create and maintain quarterly evaluations. Other duces will include assisting in the resolution of trading/settlement issues in local markets and providing management information on security market changes and innovations. The position will involve significant travel throughout Europe.

Ideally, the successful candidate will possess:

- · A degree in business, finance or accounting,
- Custody experience within Banking or Investment industry.
- Solid knowledge of the evolving European investment industry and securities regulations.
- · Strong interpersonal and communication skills.
- Advanced PC literacy (Exce)/Word).
- Knowledge of French/German desirable.

Closing date for applications is Wednesday 8th May 1996, Please reply in writing enclosing CV and details of current salary package to: Dawn Anderson, Templeton Global Investors Ltd, Saltire Court, 20 Castle Terrace, Edioburgh EH1 2EH.

Templeton: Part of the \$140 billion Franklin Templeton Group.



Assistant Fund Manager/Analyst-UK

Henley-on-Thames

Percetual is one of the UK's largest and most successful unit trust groups with funds under management of around £6 billion. We have an enviable track record of performance which over the last few years has won us several prestigious industry accolades - not least within the

UK team itself. The growth in the UK's funds has been the right candidate to develop as part of a to experience. Please send your CV small team within an expanding and highly successful group. Initially you will support the senior fund managers responsible for a you can contribute to the continuing range of UK income and growth portfolios and will be expected to make sound investment recommendations and contribute to overall equity strategy. Once successful in this role you will have the opportunity to progress to take on specific

portfolio responsibilities.

Given the challenging nature of this position you will need a minimum of five years' UK investment experience, Ideally you should also hold a recognised professional qualification such as the IMC, AlIMR or Securities Institute Diploma.

£neg + usual benefits

We offer highly attractive working conditions at a riverside location, together with a competitive benefits package and together with a covering letter which should highlight the ways in which you feel success of the team. All applications will be treated in strictest confidence and should be addressed to Stephen Whittaker - Head of UK Investments, at the address below. Please include an outline of your current remuneration package and a daytime or evening telephone number.

Perpetual Investment Management Services Limited, Perpetual House,
47 - 49 Station Road, Henley-on-Thames, Oxon RG9 1AF (Regulated by IMRO)

Madrid, the best investment for your career.

Our Investment bank, the leader in the sector and forming part of one Spain's foremost banking groups, continues to expand its operations abroad.

We are looking for a

TRADER

to reinforce our team of highly qualified professionals and continue our process of international growth.

You should have a university degree (Economics), complete fluency in English and Spanish, a sound 2 to 5 year experience in the financial markets, speciafically LIFFE, MATIF and/or CBOT, and the ambition to join a young, dynamic and highly qualified team of professionals in the Propietary Trading Department in Madrid.

Please send a full CV, quoting ref. TRU, to Pol & Partners, c/ Pegaso 30, 1º, 28043 Madrid. Spain.

PAN EUROPEAN INVESTMENT **FUND MANAGER**

<u> Young Executives - Private Equity</u>

London, Frankfurt or Stockholm

One of Europe's largest private equity groups seeks to recruit 2 or 3 executives to join our young and dynamic investment team. The company is among the most successful in this sector and has built substantial returns for its world-wide investor base through the acquisition end disposal of investments in a wide range of companies throughout Northern

Previous direct experience of private equity is not necessary although computer literacy and some understanding of financial markets is essential. Candidates should be self starters, entrepreneurial and assertive team players. The role would include travel throughout Europe.

Europe. Its success to date has derived from the entrepreneurial outlook of the team.

An excellent benefits package is offered.

Reply to Box A5334, Financial Times, One Southwerk Bridge, London SE1 9HL

Our client is a company whose goal is to become the leading pan-European Carriers' Carrier by constructing and operating a managed, seamless, pan-European network, and providing high-quality transborder transmission services to licensed and other telecommunications carriers across Europe. In order to strenghten finance management, the company is looking for a

International Tax Manager

Your function It is your goal to develop, implement

(Brussels based) highly skilled (mff)

and mainlain an optimum corporate tax structure for the group. You will structure local entities in the

most tax efficient manner, working closely with tax consultants. You participate in the preparation of business plans, budgets and forecasts. You supervise the preparation of corporate and VAT tax returns for all the

group's entities.

Your profile

 Having worked for many years in a European based multinational company, you are familiar with tax regimes in different countries.

 Obviously you are strong in handling both corporate tax and VAT issues. · Determined, persuasive and flexible.

you are able to work in an evolving, unstructured and multicultural environment. · Some experience in setting up companies in Europe would be helpful.

Please forward your fully detailed CV to De Witte & Morel, for the attention of Mr. Luc Vermeersch.

到DE WITTE & MOREL Consultants in Human Resources Management MEMBER OF ERNST & YOUNG INTERNATIONAL

Interested?

Avenue Marcel Thiry 204 • B-1200 Brussels • Belgium • Tel. ++32/2774 91 11 • Fax ++32/2774 90 90

Director of Research

INVESTMENT BANK CZECH REPUBLIC

leams in the Czech Czech and expatriate

The Director of Research should have

International Corporate Finance

Our client, an international bank with a global branch network, has an opening for an

Associate in International Corporate Finance to join a growing team specialised in cross-

The incumbent will contribute to a wide range of strategic advisory, M & A, corporate restructuring and project financing transactions. You will be a graduate with an upper

second or first class degree and either 2 years' experience in Corporate Finance or an

MBA in a finance-related discipline with exposure to Corporate Finance or M & A.

industry experience gained in engineering and/or power generation and financial

modelling skills are necessary. Whilst European languages would be advantageous, it is essential to have excellent communication and presentation abilities. The successful

Interested candidates should forward their Curriculum Vitae to Ian Dodd.

Managing Director (Designate)

Underwriting Company

Our client is a long-established combined agent at Lloyd's managing a Syndicare in addition to the Members Agency. On completion of a restructuring, during 1996, the recruit will become the Managing Director of the new company.

General management responsibility will be taken for all aspects of the business and there will be particular emphasis

on lizison with capital providers and upon business development. The position may not require a full working week.

Applicants, probably aged over 45, will ideally have had significant, prominent and successful association with the

Lloyd's/London insurance marker. Salary will be negotiated against expected contribution to the company. Please forward a full CV, quoting ref. no. 1250, to Tony McKiddie, Kidsons Impey Search & Selection Limited

29 Pall Mall, London SW1Y 5LP Tel: 0171 321 0336 Fax: 0171 976 1116

Search & Selection Limited

International Sparch Group

candidate will be highly motivated and proactive with drive, energy and enthusiasm.

In addition to a competitive salary, the usual banking benefits will be offered.

Birchin Laue, London BC3V 98Y Tel: 0171 626 2150 Fzr; 0171 626 2092 Ernal: Energi@metantiere.Co.UK

border corporate finance between Europe and Greater Asia.

- · CFA, MBA or other relevant university degree
- Experience in equity analysis or equity market strategy
- The ability to manage and develop a team of young, talented analysts
- Excellent ability to communicate research products in written and
- Exposure to emerging capital markets, preferable in Central and

The position is based in the Czech Republic and includes attractive salary and benefits. Applications will be treated in strictest confidence.

MANAGEMENT SEARCH AND SELECTION IN CENTRAL AND EASTERN EUROPE-EXECUTIVE SEARCH WORLDWIDE



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telephone: HUMAN +44 171 873 3456

OPPORTUNITIES

in Bermuda

Bermuda International Investment Management Ltd.
Fund Manager

The Bank of Bermuda is regarded as the world's premier offshore financial institution.

The International Equities Department of its Investment Division is seeking an additional Investment Manager:

- The candidate will be required to:
- Act as the Portfolio Manager for one of the Bermuda International equity funds (BIEF), specialising in North American markets.
- Recommend sector weightings within each Fund following Asset Allocation guidelines.
- Recommend stocks for each Portfolio by providing internal analysis in a prescribed format.
- Present investment conculsions clearly within a number of internal meetings
- Closely monitor the performance of stocks, both inside and outside the Funds, but within a defined universe of shares. The ideal candidate will have the following qualifications:
- University degree in Economics or related subject and/or an MBA.
- At least two years' experience managing North American Equity Funds in a top down environment.
- Demonstrable track record in North American equities a significant advantage.
- CFA or equivalent, or a willingnes to sit the examination. The Bank is an equal opportunity employer and offers a competitive salary and benefit package. Interested applicants are invited to apply in writing to: Human Resources-Recruitment, The Bank of Bermuda Limited, 6 Front St., Hamilton HM 11, Bermuda, Fox # 1-441-298-8523, Atlantico: Wendy Augustus. Please quote Ref. No. 4098, All enquiries will be held in strict confidence.



THE BANK OF BERMUDA LIMITED We see a world of opportunity

Toby Finden-Crofts on President in managing and

The Position

- Provide support to Area Vice servicing client relationships.
- Provide objective analysis of corporate, banking and country
- Participate in business origination, structuring and closing.
- Licise closely with clients and all other departments of the Bank.

Qualifications

Gulf International Bank B.S.C.

London Branch

Area Support Officer - Southern Europe

GIB is one of the Arab world's most respected international financial institutions.

The London Branch, in operation since 1979, has the mission to provide trade

finance and other banking services to its strong base of established corporate

and financial relationships throughout Europe in support of their business with the

As a result of continued expansion. GIB now invites applications for a

challenging role assisting a senior marketing executive in servicing the bank's

clients in Southern Europe. The position, which attracts a comprehensive

remuneration package, offers the prospect of significant advancement.

- A graduate with 2-3 years banking experience, including format credit training, gained in a reputable, preferably U.S., financial instituion.
- Languages: Italian and French in addition to English.
- Computer literate.
- Restient, adoptoble temperament, composed under pressure and ambitious to develop banking and marketing skills and experience.



Gulf International Bank s.s.c.

Please write, enclosing your CV and stating your current salary, to Ms Heather Mass, Personnet Manager, Guit International Bank s.s.c., C/o: P.O. Box A5330, Financial Times, One Southwark Bridge, London SE1 9HL,



INSTITUTE FOR FINANCIAL **EDUCATION & TRAINING**

Bank Training Consultant Bangor/Eastern Europe

£28,000 p.a. negotiable

A vacancy exists for a fixed-term, full-time appointment in InFIRET which is the training and consultancy arm of the School of Accounting, Banking and Economics. The Bank Training Consultant will be responsible for the management of InFIRET's bank training will be responsible for the management of InFinET's bank training programmes in Eastern Europe, including a major project in Poland. Applicants will have:

- a minimum of three years' bank training expenence or equivalent
- a proven capability in marketing
- experience in Central and Eastern Europe, preferably in banking training and knowledge of the Polish banking environment.

a high level of interpersonal skills. The contract will be for one year in the first instance. Approximately 50% of the Consultant's time will be spent in Poland/Eastern Europe, but the post is based in Bangor, Gwynedd, A contribution will be made towards re-location costs. Application forms and further particulars are available by

contacting: Personnel Services, University of Wales, Bangor, Gwynedd LL57 20G, Tel: (0) 2481 382926. Please quote reference number 96/64 when applying, Closing date for applications: Friday 17 May 1996.

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ACCOUNTANCY APPOINTMENTS





EXECUTIVE SEARCH & SELECTION

Group Financial Controller

FTSE 100 plc

c.£70-100,000 package London

About Us

We are highly successful and bave a strong international presence. We operate in over 100 countries worldwide. producing, distributing and marketing leading brands associated with FMCG. We employ only the best and acknowledge that it is largely down to the calibre of our people that has enabled us to reach our position of dominance within our chosen markets. Our style is open, direct and hard-working. We develop our people and it is because our current Group Chief Accountant is being promoted that we are now seeking a replacement.

The Role

The title of this role does not necessarily reflect either the variety or importance of duties. This is a key role at the centre of the organisation with regular interface at main Board level and is highly diverse. With responsibility for a high calibre team of around 27 accountants, systems technicians and staff, you will have responsibility for group reporting and systems, financial control and analysis, budgeting and strategic plan financials. You will also be heavily involved in investment appraisals and capital expenditure, mergers and acquisitions and tax, treasury and business development projects.

There must be few jobs around which will give you this spread of experience at the centre of a major plc. However, as with any organisation of this prominence, there will be occasional frustrations and impossible timetables to meet. Working for us is no easy option, but can be very rewarding. But if you are looking for an easy option, this is not the job for you.

About You

You will be a qualified accountant (ideally Chartered) and probably in your early 30's. A high intellect is essential, which means you will be a graduate and probably have a first class degree. You will be working alongside some extremely bright people and must be able to hold your own. Technically, we also expect you to be very strong.

You will have experience of working at group level within a blue chip international business having covered group financial reporting and complex consolidations. You will have experience of project work (including capital expenditure), corporate finance and control and analysis. Naturally, we expect you to be systems literate with experience from spreadsheets through to macro systems. It would also be helpful if you had some experience of treasury, tax and pensions. You must also have credibility, presence and strong management skills as well as being emotionally resilient and ambitious. We view this role as a stepping stone within our organisation and it is essential you have the potential to progress beyond this role in 2-3 years' time.

Next Step

We know we are asking for a great deal. However, if you feel confident you can match our demands then send your details, quoting reference J/1640, to our advising consultant, Judith Richardson.

Executive Search & Selection, Price Waterhouse, No. 1 London Bridge, London SE1 9QL. Fax: 0171 403 5265

EUROPEAN EQUITY SALES

LONDON

Leading European Investment bank requires Trainee Sales person for the Equity Sales Desk.

A vacancy exists to join a dynamic team selling UK and European Equities to international

The successful candidate will be a recent graduate, ideally with 1 to 2 years relevant experience and a high level of command of the French language. They will be enthusiastic, hardworking and relish

We provide good career prospects and appropriate salary potential.

Please send full CV and covering letter stating current salary to: Box A5337, Financial Times, One Southwark Bridge, London SEI 9HL

ACCOUNTANCY APPOINTMENTS

MANAGER, OPERATIONAL REVIEW

London

c£40,000 + Car

Are you looking to work for an organisation where the audit and finance functions are seen as key drivers to the business? Our client is a global market leader in the telecommunications sector. Due to continued expansion world-wide, they seek to strengthen the audit function by

The successful candidate will work on a variety of audit and operational review tasks, including: assessing operational risk; undertaking due diligence investigations and special projects; supervising a team and liaison with senior management; and providing internal recommendations with both control and commercial implications.

Candidates wishing to express an interest will have the following attributes

- Graduate ACA or ACMA with between 18 months and 36 months PQE gained in a leading accountancy firm or the audit department of a blue chip Pic.
- Proven track record of managing audit teams with tight deadlines
- Exceptional oral and written communication skills. Experience of conducting operational audits, evaluating business

systems, and providing control requirements for incorporating into systems under development.

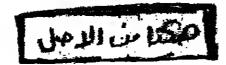
For outstanding candidates looking to move into a line position within two years, this is an ideal entry point, providing both an overview and insight into the business sectors within the group.



Please send a CV to Christopher Cole at FMS 5 Bream's Buildings Chancery Lane London EC4A IDY Tel: 0171-405 4161 Fax: 017J-430 1140 E Mail: 100621.2024@compuserve.com

We have offices in London, Birmingham, Manchester and Lewes

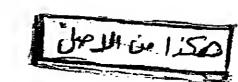
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FINANCIAL TIMES FRIDAY APRIL 26 1996

TECHNICAL DIRECTOR

THE INSTITUTE OF CHARTERED ACCOUNTANTS IN ENGLAND AND WALES



LONDON

 The Institute's Technical Director will retire during 1996. His successor is now being sought to take on this challenging, high profile role within the accountancy profession.

 Heading teams totalling 30 people, the position entails responsibility for a wide range of technical activities and embraces four specialist faculties, as well as the Research Board and a range of

 He/she will implement the Institute's strategy for technical excellence and position the Institute as the leading source of authority and innovation in the main branches of accountancy.

 The Technical Director will direct technical activity towards maintaining the relevance and

> e apply in writing quoting reference 1127
> with full career and salary details to:
> Nigel Butes
> Whitchead Scientin Limited
> 11 Hill Street, London WIX 888 Tel: 0171 290 2043

NEGOTIABLE SIX FIGURE PACKAGE

excellence of accountancy in support of members, promote the results of technical work effectively and take a leading role in representing the Institute

 FCA, aged 40-55, candidates will probably either have experience in a senior technically orientated role within a large/medium sized practising firm (although not necessarily as a technical partner),

 Candidates will bring an established reputation in the profession, strong leadership/organisation skills, and the ability to achieve results in teams comprising both paid and elected members. Authoritative communication skills including public speaking will be essential, as will a blend of drive and diplomacy.



Divisional Head of Finance



For a highly successful, rapidly expanding, quoted consumer products group with a turnover in excess of £1bn.

- RESPONSIBILITY is to the Divisional Managing Director for the exercising of strict operational and financial control and for a strategic and commercial input for a major division with turnover of c&600m.
- THE NEED is for an energetic, ambitious, qualified accountant with strong technical and commercial acumen with an understanding of multi-site profit centres gained in international manufacturing.
- PREFERRED AGE 35-45. An attractive salary package will be offered. Location Midlands. Fluency in French is essential.

Write in confidence, enclosing a Curriculum Vitae, quoting ref: L8113 to:



8 Hallam Street, London, W1N 6DJ Fax: 0171 631 5317 A DIVISION OF TYZACK & PARTNERS

Price Waterhouse

EXECUTIVE SEARCH & SELECTION

Finance Director

The kind of role ambitious accountants dream about

c.£80,000 + benefits + substantial bonus Hants

A little about us ...

A five year old, former management buy-out. We are now the independently managed subsidiary of an \$8 billion US parent who are using us to spearhead their European penetration of facilities management. We are profitable; have a blue chip client base; turnover has doubled every year and is now in excess of £200m; we : operate with an informal, flat organisation structure; and are able to rely upon an efficiently run finance function working to US reporting standards.

The role is ...

Primarily, to focus on our business strategy and assist the Group MD with expansion of the business through acquisitions, alliances, and joint venures; to work proactively with MD's of business units on financial management; and manage a department of finance and IT staff of c.60. You will raise profit margins still further; develop credibility to the point of being a potential successor MD in a couple of years time; be rewarded with a good salary and potentially a substantial bonus; and at the same time, have a lot of fun.

A little about you . . . " Probably 35-40 (30-45 at the outside) and a qualified accountant, you could be FD in a small company where you've gained general management skills, or FC/FD in a larger group where you've gained experience in several subsidiaries. You are highly commercial, not a "bean counter"; focused on delivering service rather than products; a committed team player; an influencer; enthusiastic; comfortable with informality, and you mix well with different cultures. Experience of acquisitions, re-structuring, joint-ventures and deals would be advantageous, as would exposure in a European context. Most of all, your track record screams of success, innovation and an ability to make a contribution and add value in a rapidly expanding environment.

Conclusion . . .

If you are an ambitious accountant, this is no dream! No hyperbole, no plantudes and no tired and worn phrases of exaggeration: this is a young company with a great future. Take the first step towards meeting us by writing to Michael Phillips or Hamish Davidson at Price Waterhouse quoting reference M/1638/FT.

Price Waterhouse, No 1 London Bridge, London SE1 9QL. Fax: 0171 403 5265.

Brecutive Search & Selection,

B-mail: Mike_Phillips@Europe.notes.pw.com

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Corporate Finance, Financial Control, Group Audit Jardine Matheson is a major services, trading and Your personal qualities are important, you will be

How far do your ambitions stretch?

Jardine Matheson

The multinational at the heart of Asia

property group, operating in the fast growing Asia Pacific region with a turnover of US\$10 billion, employing 200,000 people worldwide. Sound financial management has been at the heart

Accountants

of our business since we were formed in the nineteenth century and we are as committed to innovative financial practice today as we have always been. With this in accountants to take up challenging positions within our

The successful candidates will initially join as managers in our Corporate Finance, Group Financial Control or Group Audit departments in Hong Kong. There may be a senior finance role within one of our worldwide operating units for more experienced

This is merely the first step. We need individuals with the ability and ambition to progress tapidly within our organisation. You will be a Chartered Accountant or a finance MBA from a leading business school - in your late twenties or early thirties; ideally "Big Six" trained, with post qualification experience that has given you a high degree of commercial awareness and a strong desire to get involved in operational management.

self motivated, credible, innovative and diplomatic. You should also have the adaptability and sensitivity to operate in a multi-cultural environment. Pluency in Mandarin and/or other Asian languages allied to overseas experience would be particularly welcome.

On offer is a first class remmeration package - in excess of £45,000, with significantly more available for cusmishly experienced candidates; it includes performance related bonus plus housing allowance and other large company benefits - and superb opportunities for excert development with one of the most respected names not only in the Far East, but worldwide.

Please write, enclosing your full CV-and quoting reference L/1639, to our advising consultant, David Hunter, at the address below. Alternatively call him for a discreet conversation on 0171 939 5721. Executive Search & Selection, Price Waterhouse, No 1 London Bridge, London SE1 9QL. Fax: 0171 403 5265.

Price Waterhouse



EXECUTIVE SEARCH & SELECTION

FINANCE DIRECTOR

c. £,75,000 + car

To join the new team bringing customer focus to a £200m transportation business, recently acquired by a major international group.

The job takes responsibility for all financial matters within the company, including the secretarial function and commercial information systems. The main thrust is to upgrade, significantly, all reporting and planning processes, ensuring financial and management controls are aligned to the needs of a rapidly changing business culture. Key to this will be ensuring a speedy and progressive change in employee attitudes and performance.

Success in this tough but rewarding role demands a graduate qualified accountant or numerate MBA who relishes complexity in rechnical and business issues, and has direct experience of effecting change in a substantial, fast-pace commercial environment. A true team player with a flair for leadership, you must demonstrate confidence and robustness with skills in communication at all levels.

Please write in confidence to Peter Williamson, enclosing a concise ev and remuneration details and quoting reference 042:FT. Explain briefly why we should meet.

Lawless & Williamson

1 Heathcock Court, 415 Strand, London WC2R ONS

TAKE PRECISE AIM TARGET BY PLACING YOUR

RECRUITMENT ADVERTISEMENT IN THE FINANCIAL TIMES YOU ARE REACHING THE WORLD'S BUSINESS COMMUNITY.



For information on advertising in this section please call: Andrew Skarzynski



c£35,000 + BENEFITS

Eurotunnel, operator of the Channel Tunnel, after the first full develop debt systems and prepare analyses and reports for year of services, is now market leader on the Calais cross-

The Group is re-negotiating its £ 8 billion debt with its bankers and this will establish the future borrowing and financial

Group Treasury operates from Canary Wharf but will re-locate to Folkestone within the next 12 months. Internal promotion has created the need for a Debt Manager to play a key part in the management of the Group's borrowing agrees including implementation of the future borrowing structure.

Key tasks will be to manage the loan portfolio, ensure compliance with complex Credit Agreements, maintain and

Senior Management, including analysis of risk exposures.

You will be experienced in managing the operation of complex multi-currency borrowing arrangements, have detailed knowledge of related market practice and operating procedures, strong analytical and computer skills, expertise in spreadsheet modelling and ideally systems development. The ability to communicate effectively and to meet tight deadlines is essential. A working knowledge of French would be an important advantage.

Please write, in confidence, with full career and salary details to Douglas Austin, MSL International Limited, 32 Aybrook Street, London W1M 3JL. Please quote reference 59177.



Finance Director

High-tech Manufacturing

c£50,000+package

New board position in the £12 million-turnover UK subsidiary of an international group. A market leader. Customer-focused, technology-driven, niche products

This is a chance for a clear-thinking team player with exceptionally strong communication skills to step up to board level and become involved in the commercial management of the business at a time of rapid change and ambitious expansion.

The challenge is to drive the financial integration of two operations in the UK covering the EMEA region. Develop rigorous, accurate and responsive management information and financial reporting systems.

We want a highly motivated qualified accountant with a record of management in a manufacturing environment. International experience would be a plus. Enthusiasm, leadership and a hands-on operating style are essential.

Please write sending full cv to Criterion Search, 50 Regent Street, London W1R 6LP.



EXCELLENT PACKAGE

ING Barings provides a wide range of financial services to governments, international agencies, corporations and investment institutions throughout the developed and developing world. Emerging markets continues to be an important area of the group's business.

ING Barings is further developing Barings' traditional strength in merchant banking, emerging markets securities and research, in conjunction with ING's complementary international position in capital and corporate markets.

As part of an ongoing process to strengthen the finance function, a key

individual is required to provide financial management and support to the group's global equities broking and trading business. The successful candidate will manage a team of seven individuals who co-ordinate globally the reporting for this, the group's largest product area.

Reporting to the Group's Head of Product Control, the successful candidate will have a proven track record with a similar leading institution and, in particular, the production and analysis of financial management information over a large number of disparate revenue flows.

ROBERT WALTERS ASSOCIATES

You will be a qualified accountant, probably from one of the Big o accounting firms, with a genuine desire to build an international career with a recognised market leader.

Interested applicants should contact Richard Parnell on 0171-379 3333 (or fax 0171-915 8714) for an initial discussion, or send him an up-mdate CV stating current remuneration at Robert Walters Associates, 25 Bedford Street, London WC2E 9HP. Internet: richard. parnell@rwa.co.uk



KER

c. £85,000 package + equity opportunity

Industrial Products

Midlands

Finance Director

Rare challenge and opportunity on the Board of an established, profitable and growing c. £100 million company with UK and international operations, providing speciality chemical and plastic products to leading industries worldwide. The experienced management team has embarked on a new phase of focused, profitable growth and requires a Finance Director to bring control and to lead development opportunities. These include playing a key role in a planned flotation.

THE ROLE

- Reporting to the Board, responsible for statutory and secretarial reporting, the timely provision of business information and the financial management of very substantial capital assets.
- Exploit and develop existing systems, providing a service to and working with business managers to understand costs, improve product margins and reduce working capital.
- Key member of executive team evaluating acquisitions, maintaining banking contacts and building further relationships in readiness for market flotation.

London 0171 493 1238 Manchester 0161 499 1700

THE QUALIFICATIONS

- Qualified accountant, probably 35-45, with a track record of strong financial disciplines in a service-orientated manufacturing recognised
- First-class financial management, costing and analysis skills honed in a manufacturing environment. Acquisition and flotation experience an advantage.
- A clear leader and achiever with a hands-on style, able to work with business managers in a decentralised organisation.

Leeds Q113 2307774



pe seyly white full details to: See Europe, Ref. 71 120046Y, Mone Monse, Redretts Close, 1900ad Park, Leeds LS16 6QY

Audit Manager - Europe

revenues in excess of \$5bn. Dell is

As part of our continual commitment

towerds quality and excellence, an

opportunity now exists for an innovative,

commercially driven Audit Manager in our

As a member of the European finance

management teem your initial remit will be

recognised as a dynamic front runner in

the field of personal computing.

European headquarters.

Competitive

Remuneration

Berkshire, UK

to challenge existing operations and provide creative business solutions to further

realise the company's goals and objectives. You will play a proactive role in planning end facilitating process end control reviews across the region, with focus on

For this demanding appointment you will demonstrate a risk-based eucht approach with a minimum of 8 years' industry or Big 6 CPA/ACA firm experience,

both operational and financial issues.

You will be a graduate with exceptional verbal and written communication skills together with a well developed analytical ability. Fluency in English is essential and a second Eurogean language is highly desirable, together with a willingness to travel extensively across the European region.

To appoint an individual at the highest calibre. Dett is able to offer an excellent compensation package as well as outstanding career opportunities in one of the most innovative businesses of its kind.

Interested candidates should contact our advising consultant Jane Stone, in the strictest confidence at FSS Europe. Charlotte House, 14 Windmill Street. London W1P 20Y, UK, Tel: (44) 171 209 1000. Fax: [44) 171 209 0001. E-Mail: jane.s.fas.co.uk Outting ref; FT0044.

CHIEF MANAGEMENT ACCOUNTANT **Planning & Control**

Saudi Arabia

Tax Free Salary & Benefits



industrial city in the Eastern operate on integrated iron and .stool complex, ampleying a multi-national workforce of even 2,500 people. The plant has been in existence for over 10 years and is rated one of the most efficient steel..." producers in the world, at over 2.5 million tonnes per annum. State-ofthe-art technology is used broughout in producing steel -

billuts, reinforcing bars, wire rad

and light sections.

We are looking for an experienced and talented professional to contribute to the financial management of our highly successful and complex organisation. Your prime responsibility will be to plan, arganise, direct and control the flow of financial information ocrass the campany, and to advise senior management on broader strategic financial issues. This will involve developing apprapriate financial procedures, conducting effectiveness reviews and preparing a range of financial reports including the President's Financial Report prior to submission to the Board.

To do this successfully, you must have a recagnised and relevant professional qualification. This should be backed by at least 10 years' experience in a similar environment preparing Management Accounts, Financial Reviews and exercising Financial Control

A lifestyle rich in sporting and recreational apportunities is available. Travel within the Middle East and beyond to Europe, Africa and SE Asia is easy and offordable. As well as public holidays, you will receive an annual vacation of 34 days with free round trip air tickets. In addition to a single or married status renewable contract, you will be affered a salary package free of tax, enhanced by an end of contract bonus and a number of benefits including free fully furnished oir conditioned accommodation, transport allowance, free utilities and comprehensive medical care.

To apply, please send two capies of your CV, or fox one copy to Moxon Dolphin Kerby, 178-202 Great Partland Street, London W1N 611. Fox: 0171 637 3185. Quoting Ref. 28089.

MOXON-DOLPHIN-KERBY

To £45k

FRANKFURT

Filofax is a group of consumer supply businesses offering specialised products under strong brand names in over forty countries worldwide. Since 1991 organic and acquisitive growth has seen Group turnover increase four-fold.

Filofax Gmbh was established in 1993 as a wholly owned subsidiary, to distribute the Group's products in Germany. Rapid growth since then has resulted in the need to recruit a commercially awere Financial Controller with responsibility for all aspects of finance and administration.

Reporting directly to the General Manager, but with a dotted line into Group Finance, this expansive role will encompass all aspects of Group reporting, the development and operation of tight financial controls, working capital management, information systems and general administration.

An ambitious individual, this is your opportunity to operate at the sharp end of a progressive business. You will be a qualified accountant with exposure to a sales/distribution background and experience of staff management at all levels, either in commerce or through the profession. Fluency in German is a pre-requisite and you will be young but mature enough to command respect in a highly commercial and entrepreneurial role.

Please call or write in full confidence, to Ronnie Sull (Executive Selection Division) enclosing a detailed resume.

RICHARD JAMES

COMMITTED TO EQUAL OPPORTUNITIES PREMIER HOUSE, 10 GREYCOAT PLACE, LONDON SWIP 158. TELEPHONE: 0171 222 8866, 0171 222 8037/8. FAX; 017† 233 1759

EXECUTIVE CONNECTIONS

Business Analyst

Kleinwort Benson is an international Investment Bank with a network of offices and a global client base. During 1995 Kleinwort Benson became part of Dresdner Bank AG, one of Europe's leading financial services groups. The ombination of Kleinwort Benson's Investment Banking activities with those of Dresdner Bank has created substantial new opportunities and challenges in the Group's Equity Division, covering securities trading and distribution,

This challenging and varied role involves supporting the Equity Division's Managing Director, Deputy Managing Director and Finance Director in an "enabling the business role" and will include both task and project work

- Assisting in the development and implementation of strategic and tactical
- Developing and implementing the management information requirements of the division.
- Assisting the further development of the risk management infrastructure. · Assisting Product Heads with writing, presenting and implementing
- Working on ad hoc tasks that resolve issues and implement solutions to business problems.

The role will give the successful candidate a unique insight into, and involvement in, the running of a Securines trading business. Ricinvort Benson is looking to recruit a truly exceptional young accountant. ACA, ACMA or ACCA qualified with up to 5 years PQE, you must be a dynamic self starter keen and able to take the initiative on a range of tasks, you must have the ability to "multi-task" and be able to add value with minimal supervision. In addition, outstanding interpersonal skills and a genuine interest in the securities and equity derivatives markets are essential.

This position offers a comprehensive and highly competitive remuneration

If you feel that you can meet the challenges that this unique role offers then please forward your CV to our Consultants Paul Giatzel or Denise Stocourbe at Executive Connections, 43 Eagle Street, Loadon WCIR ARC. (Fax: 0171 872 0083). E-Mail: p.gastrel@executive-connections.co.ak If you have any questions, then please phone them on 0171 242 8103 (evenings/weekends: 01895 824037). Please note: CVs forwarded directly to Kleinwort Benson will be passed to Executive Connections.

Kleinwort Benson

Member of the Dresdner Bank Group

FINANCE DIRECTOR DESIGNATE

Excellent Package up to £40,000

Our client is a highly successful manufacturer and distributor of gold sewellery based in the Hatton Garden area. The company has recently experienced a phase of exceptional growth and anticipates continued high levels of activity and further expansion.

An opportunity now exists for a commercially talented financial professional to play a central, strategic role in the company's future. Working closely with the Managing Director, you will have full responsibility for the Finance and Administration departments. Your role will involve systems ment as well as the provision of regular management information and preparation of accounts, budgets and forecasts. An initial key function will be the acquisition and implementation of new computer software to replace the company's existing packages.

As a graduate Chartered accountant, probably in your early to mid thirties, you should demonstrate that you already have a detailed knowledge of financial management and considerable systems experience. You will also have developed a flexible and problem-solving management style in a high pressure environment. Your credibility in leading and motivating a team should be founded on personal, commercial, and analytical excellence. Knowledge of the jewellery sector, although useful, is oot a requirement.

If you consider you have the ability to fulfit this challenging and stimulating role, please send your CV stating current remuneration peckage to: Gary Miller, H W Fisher & Company, 11-15 William Road, London NWI 3ER, Fax: 0171 380 4900; E-





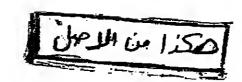
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FINANCIAL TIMES FRIDAY APRIL 26 1996

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International Operational Review

Manager - To £55,000 package Outstanding ACAs

Our client is a world leader in international telecommunications, using the latest technology to provide telephone, facsimile and data transmission services. Operating world-wide the ambitious management team continues to search new opportunities through acquisition, joint ventures and by expanding existing businesses.

The Internal Audit Function is driven by a high calibre team of professionals who have the vigorous support of the main board. The Department has responsibility for reviewing business effectiveness, procedures and controls and providing constructive advice to business management. There is a strong emphasis on adding value to all aspects of business operations. In meet the demands of this rapidly changing group 2 experienced ACAs are required to strengthen the team and to undertake and manage a variety of UK and international assistments. international assignments.

These highly visible roles are acknowledged as excellent entry points for outstanding candidates wishing to develop a varied career within a complex international business. The opportunities have arisen due to internal promotion and transfers into the group operating businesses.

The Management position is a key role within the department and is pivotal

Interested applicants should write, in the strictest confidence to Robert Walker or Brian Hamill at Walker Hamill Executive Selection, forwarding a brief résumé quoting Ref: RW 2429.

Supervisor – To £45,000 package Central London

to the future success of the team. Applicants will probably be aged 30-35 years with approximately 6 years post qualification experience gained in either a 'Big 6' firm or similar commercial environment. Ideally individuals will have had exposure to corporate finance, management consultancy or telecommunications. Individuals can expect to travel internationally up to

The Supervisor is likely to suit applicants aged 27-30 years with a minimum of 3 years post qualification experience gained in either a 'Big 6' firm or similar commercial environment. Exposure to computer audit would be desirable, and a willingness to travel internationally up to 50% of the time.

In both cases applicants should possess excellent academic qualifications and be capable of demonstrating strong commercial focus and value adding philosophy. It is a pre-requisite that individuals possess a sound understanding of business process, internal cuntrols, auditing concepts and techniques and well developed computer skills.

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Candidates should be qualified accountants with a senior management background gained in the IT sector, a record of adding value in a fast growing business, and ideally, experience of US business practices. Previous exposure to a multi-site european business is essential, as are well developed commercial acumen and excellent people management skills. Needless to say, initiative, a strong technical background and excellent communication skills are critical.

To find out more, please contact Tony Martin on 01753 830881 or write to him, quoting reference 25452, at: Martin Ward Anderson, Goswell House, 134 Peascod Street, Windsor, Berkshire SL4 1DS. All enquiries will be treated in the strictest confidence.

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Key duoes will encompass the integrity and quality of the company's periodic, monthly and statutory reporting requirements, plus strong cash management and oght financial controls in a very fast moving business supplying a number of demanding, quality blue

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Ideally a qualified accountant of graduate calibre with a minimum of 2-4 years' post qualification experience. You will have had exposure to financial products gained from a similar role or Capital Markets and Treasury Audit from Public Practice or the Financial Markets industry.

The determination to perform effectively in a highly demanding environment is essential coupled with the ability to lead and motivate a successful professional team. The nature of the position demands a true professional with first class communication skills and the confidence to liaise effectively with the trading teams and at

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up to DM 275,000 + Bonus

A Chartered Accountant aged between late 30's and early 40's, you will have 15 years plus post-qualifying experience within a group accounting role. Cultural awareness of the German marketplace and fluency in German and English are prerequisites. Computer literacy is essential together with experience in PC based reporting

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For further information in the strictest confidence, contact Anthony Cook or Raj Munde on 0171 240 1040. Alternatively send your resume quoting reference number 2082/02 to Morgan & Banks P.C. Brettenham House, Lancaster Place, London WC2E 7EN. Fax no: 0171 240 1052.

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A qualified accountant, the appropriate individual will have maturity, credibility and strong influencing skills. It is possible that involvement in mergers and acquisitions nr significant change mnnagement programs will bave provided relevant experience and this will be given some weight. You must also have vision and the drive to add value in the national growth of this world class operation.

To apply please contact our consultant David Bond, ACA, at ASA International 63 George Street, Edinburgh, EH2 2JG Tel: 0131 226 6222 Fax: 0131 226 5110

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We are a small but rapidly expanding plc providing services to a wide range of blue chip companies throughout the UK.

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The entrepreneurial and challenging environment determines that a pragmatic approach is required without compromising strict financial control procedures

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IT Senior Appointments





Information Services Manager - Northern Europe Location: Paris or Brussels

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Due to career progression within our organisation we are now in search of a I.S. Manager for our Northern European operations.

The function will report temporarily to the Director of Logistics and manege 5 direct reports. Outlined below are the major accountabilities for this challenging appointment-

- · To maintain, manage, improve and control information services throughout Northern Europe in order to optimise operating
- . To direct and evaluate studies of the economics of possible alternative processing methods. . To provide advice and council to the Northern European
- Management Board concerning the applications of Information Review present system strategy, proposing appropriate
- changes to increase efficiency and reduce costs.
- · Keep abreast of new developments in the information Technology world.

· Manage, appraise, motivate and challenge I.S. personnel. ensuring service level agreement with users are achieved. in order to fulfil these responsibilities you will need to be able to operate in e multi-cultural environment combining an international

perspective with local market knowledge. You will be a highly selfmotivated individual who can demonstrate a successful track record of delivering critical solutions to Business Information Syste

You need to have excellent communication skills along with fluency in English and at least one other European Language.

This is outstanding opportunity to Influence the direction of Information Systems in one of the best known household brands in the world. Heirz rewards excellence, welcomes ambitious people and will provide the challenge and environment to ensure you fulfill your maximum potential. Relocation assistance will be provided.

For a confidential discussion please contact our advising consultants David V Holloway or Mark Pockals at Drax Dearman Associates quoting the ad reference FT0046 using one of the following methods:

- Telephone: + (44) 171 419 0229 or + (44) 171 209 1000 + (44) 171 209 0001
 - Charlotte House, 14 Windmill Street, London W1P 2DY, UK
- E.mail David@dearman.demon.co.uk.

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United Arab Emirates

Our client is a major financial institution with its principal operational base in the United Arab Emirates, investing globally in most major market sectors. As a consequence of an assessment of its IT operations, the need has arisen to appoint a Chief Information Officer (Head of IT) to review and upgrade their IT and communications systems, to more effectively support their investment operations.

This is a strategic role at senior advisor level, to review the current and future business needs and to direct the design and implementation of a strategy to introduce appropriate systems to manage and evaluate investments and treasury functions to best industry

A computer science graduate, preferably with a second degree level qualification in finance, the successful candidate will be able to demonstrate experience of operating at a senior level in a major financial institution with a significant fund management

business, managing the effective deployment of information technology systems. The person will have gained a thorough understanding of the operational aspects of such a major financial institution, have a high degree of business acumen with strategic vision and a proven ability to analyse and understand business requirements and to deliver effective IT solutions. Extensive knowledge of current IT technology will be required, together with high level project management skills. Experience in the selection of vendor packages and systems architecture, as well as evidence of successful delivery of IT solutions, incorporating third party packages, in an international investment management environment will be necessary.

If you are a dynamic individual who meets the above criteria and has the ability to achieve through diplomacy and persuasion, please send your CV with details of current remuneration to Bernard Grant at EC4Y 8AE. Fax number 0171 311 5872 (Ref: 118F).

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contact either Birgit HJELM PICHAT at +(33) 76 62 45 54 or Claes GISLE at +(33) 76 62 45 31, in Grenoble, France. FAX: +(33) 76 62 45 33

Applications in English along with your curriculum vitae and salary expectations must be received before May 10, 1996 by:

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The Position

- Rull project and implementation responsibility
- Report to Group Finance Director.
- Lead project fearn of Group employees from all operating departments, committed full time to the implementation.
- Provide strategic direction for the future development of Group IT and MIS functions.
- A two year contract is offered, although definitely not a limit. Relocation to Poland is required.

Qualifications

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Please send a full av to Mr. Mark Hopper, fax: 048 58 31 58 54 or it necessary call Kate Bront for additional information, leb 048 58 46 38 11

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As a member of this specialist group, you will make a significant contribution to the audit process and provide support to the Department's three prime areas of activity - control/risk orientated examinations of systems development activities, control/risk orientated examinations of the bank's technical computing environments and support of Divisional automation.

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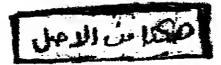
For Banking, Finance & General Appointments please turn to pages 30-36

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 possess strong project management skills.
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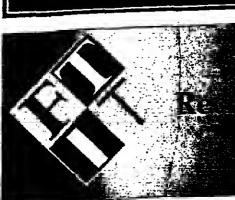
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Our client, an international investment bank has opportunities for highly educated individuals with strong C++ skills together with UNIX and financial markets experience. The successful candidate will be researching, developing and implementing trading strategies. A First Class degree in a mathematical discipline is prerequisite.

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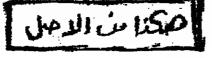
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polls point to a clear victory next month for Prime Ministe Vaclay Klaus's right-of-centre Civic Democratic Party and

consolidation process under

Pracue stock exchange

Prices have made significant

Privatisation: heady day

Infrastructure plans: a

future linchpin in European

transport networks. Page (

Profile: the Nationa

Personality profiles

propress this year

are over now.

Property Fund.

Foreign invest

CZECH FINANCE AND INVESTMENT

A race to bridge the wealth gap

While considerable economic progress has been made in the Czech Republic in recent years, observers point to a lack of long-term domestic investment capital, report Vincent Boland and Kevin Done in Prague

can claim to have succeeded in every politician's goal of keeping most of the people happy, most of the time. But the government of Czech prima minister Václav Klaus, which is facing a gen-eral election at the end of May, is one which can justifiably make such a boast.

During its four-year term, the centre-right coalition has racked up an enviable list of ents. These include a popular privatiaatlon programme, economic growth that has finally achieved a respectable 5 per cent a year, and a population that is more prosperous now than it was four years ago and can look forward to an even brighter future.

Finally, there is the Czech Republic's receot elevation to rich country status through membership of the Organisation for Economic Co-operation and Development (OECD)

ress made to date Continuity is the thema as the so-far muted election campaign limbers up for its official start on May 15. Even the credible opposition is not vowing any radical change, which means that to a large extent its platform is indistinguishable from that of the governing parties campaigning for re-elec-

Opinion polls predict that the three parties in the outgoing government - the prime minister'a Civic Democratic Party, the smaller Civic Democratic Alliance, and the Christian Democrats - should be able to form a new government after the vote. An initial burst of support last summer for the Social Democrats, the main opposition party, appears to have waned

Yet while the election seems predictable, it is nonetheless crucial, bec ernment will have to find the answer to the most pressing:

 how to achieve economic growth rates that will allow it to bridge the wealth gap with tha European Union in the shortest possible time.

After five years of rapid reform, the Czech Republic nevertheless remains a lowwage, low-tech economy dependent on exports of industrial goods manufactured by an old industrial base. That is the base that must provide the accelerated growth, but it is currently in flux as post-privatisation consolidation gets under way. The Czech Republic has cer-

tain key advantages in seeking to achieve higher growth rates, which economists suggest need to be at levels of 7 to 8 per cent, sustained over a decade or more, to catch up with its western neighbours. The country has a qualified and cheap labour force, a high degree of social cohesion, high savings, a good geographical location, and the incentive of early entry into the EU.

What is lacking, observers say, is long-term domestic estment capital.

"To generate high growth you need high levels of investment," says Mr Vikas Thapar, Prague representative of the World Bank's International Finance Corporation. "If high investment is added to existing assets, higher growth rates are Mr Zdenek Bakala, chairman

of the investment bank Patria Finance, rates a functioning equity market as one of the ton three criteria necessary for higher economic growth. To date, the majority of industrial restructuring has been financed by debt, not equity. Although much progress has been made in restructuring, a tudes towards equity financing capital base is to be expanded to allow the process to acceler-

The ownership structure that resulted from coupon privatisation is surprisingly inim-



gest shareholder control funds which own the bulk of privatised industry. These banks have a tight grip on financing options, with the result that lending portfolios have expanded dramatically in the past few years, suffocating the equity market.

Those bankers and investors who were not in at the start of the fund boom have found the capital market that resulted from it an exclusionary and hostile place. Proponents of equity capital believe that by controlling industry, banks have a monopoly of financing through expensive debt at the cost of cheaper long-term equity financing. "The fact that Czech issuers

should be able to issue shares and have them properly priced is crucial if this country is to get higher growth rates," Mr Bakala says. "There are only so many over-priced commerinto the industrial sector before something starts to Many economists believe

that one reason why companies tend to borrow rather than issue equity is that they will be required if the domestic have not yet been forced to capital base is to be expanded consider the true cost of long term capital. Because labour is tended to replace it with addi-

But that may be changing, as investment levels at companies



expand because of the onset of the second, consolidation phase of privatisation. Productivity growth expanded by 10.5 per cent in real terms in 1995 as a result of a 16.1 per cent rise in fixed capital investment, while labour costs grew by only 5 per cent in real

Mr Kamil Janáček, chief economist at Komerční Banka, believes these statistics show that capital is beginning to replace labour. "Demand for low-skilled labour is falling." he says, citing figures that show that some 8 per cent of unskilled workers are unemployed, while 22 per cent of under the category of long The Czech Republic bad a

national unemployment level of just 3 per cent in February, while the level in Prague, the hub of the economy, was less than one per cent. Unemployment among college graduates, meanwhile, was only 0.7 per cent at the end of last year, Mr Janáček says. Some Czech companies are importing labour from Poland and Ukraine.

Factors behind the remarkably low level of unemployment are the buge explosion in the services sector, the paucity of welfare, the rise in gross those without a job come domestic product, and the low imports of capital goods to ers on both sides.

cost of labour. The first of these may be regarded as a one-off, the last as a distortion

that will eventually be eroded.

Even politicians regard a rise

in the unemployment level

over the next few years with equanimity. Mr Janaček warns

that "the only real barrier to

economic growth is the lack of

labour will be an advantage for

a long time, even as wage dif-

ferentials with western Europe

fall. There is no significant

high wage rises, and a recent

increase in the minimum wage has met the most pressing

demand of the confederation of

trade unions. So the Czech

Republic will remain an attrac-

tive location for manufacturing

This again raises the ques-

tion of whether manufacturing

industry will be able to find

the capital to aid its restruct-

uring. A widening current account deficit has highlighted

the extent to which industry

needs to become more competi-

tive, while also showing the

extent to which it is attempt-

industry.

Nevertheless, the low cost of

a qualified labour force".

modernise production facili-

The power of banks and fund managers to limit the financing options of Czech companies has also pushed other investors and capital sources to the sidelines. The unruly Prague stock market, beset by insider dealing and lack of protection for minority jovestors, has frightened off many foreign portfolio investors who might be willing to commit capital if they could be assured of as good a chance of a return on their investments as the most

powerful local shareholders. A new government after June 1, whatever its make-up. must put the era of coupon privatisation behind it, as well as the belief that has been fostered that the Czech capital market, and by implication the Czech economy, is unique. For all its domestic success, the coupon programme and its aftermath are now facing their stiffest test as the Czech Republic integrates into the global economy.

The clash between continental conservatism and Anglo-Saxon liberalism that is ensuing to do so through rising ing will have winners and los-

ical to equity capital. Banks in faces a general election at the end of May

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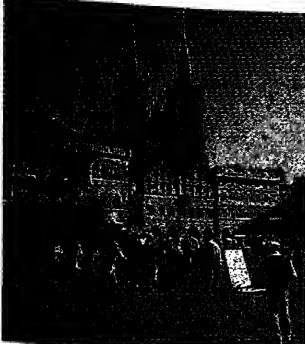
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Economic scene: By Kevin Done

Enviable reputation for stability and progress

Growth in the Czech economy, lauded as one of the success stories of the transition process in central and east Europe, is gathering pace

he Czech Republic bas been transformed from one of the most centralised to one of the most marketnist countries in the last six

It is the most highly regarded country from the regioo in the international cap-Ital markets with investment grade ratings from all the leading rating agencies, and it is given an 'A' rating by Stan-

dard & Poor's. The Czech Republic and Hungary are the two countries judged by the European Bank for Reconstruction and Development to have made most progress in the process of transitioo to an open market economy. The bank estimated last year that the private sector share of gross domestic product (GDP) at around 70 per cent was the highest in central and east Europe.

There is still far to go, however, with concern that the country's achievements are much less impressive in key areas such as enterprise restructuring, price liberalisation - in particular, for energy and housing - competition policy and in the reform of finan-cial institutions.

A couple of years of growth have not yet even overcome the impact of the recession of the early 1990s let alooe made much headway in closing the gap in prosperity with developed western countries.

The EBRD forecasts that the projected level of GDP in the for 32 per cent of Czech exports

Czech Republic this year will still only be at around 90 per cent of the level of 1989. By this measure, Poland is leading the pack, and this year it will become the first country from the region to make good all the decline in output of the early

In terms of GDP per capita -

measured by purchasing power - the Czech Republic ranks behind only Slovenia in central and east Europe according to a recent report by Eurostat, the European Union statistical office. However, even these two countries were still behind the European Union's lowest ranking country. Greece, and they were little better than a third of the level of the US and Switzerland.

Initially, the Czech Republic lagged behind Poland in emerging from the recession that followed the collapse of communism, but after stabilising in 1993, the economy has expanded rapidly in the last

Gross domestic product (GDP) grew by 2.6 per cent in 1994 and by 4.8 per cent last year, and Mr Ivan Kocarnik, Czech Finance Minister, forecast recently a further rise to 5.5 per cent this year and to between 5.5 and 5.7 per cent in

expressed about the impact on the Czech economy - and on other countries in the region of the slowdown in activity in west Europe and, in particular, in Germany, which accounted

last year. Recent cuts in German short-term interest rates, which have been reduced to the record lows last reached eight years ago, should help stimulate economic growth both in Germany and elsewhere in Europe, however. With exports accounting for a high portion of Czech GDP, a improvement in exports would have a substantial effect on economic growth. In the past year, exports have taken a

sumption and investment. At the same time, Czech export competitiveness has been constrained by the slow

back seat as an engine of

growth, bowever, with expan-

sion being fuelled much more significantly by domestic

demand, by both rising con-

Czech reserves of foreign exchange have surged

pace of industrial modernisation, according to a recent study by Merrill Lynch, the US investment bank, and certainly both the trade and current accounts have deteriorated sharply during the past 18 months with imports growing rapidly to supply the expand-

The trade deficit widened to \$3.9bn in 1995 from \$0.9bn in 1994 according to a recent report from the Institute of International Finance, the global association of private financial institutions. Export growth was limited to an increase of 5 per cent in volume after a rise of 3 per cent in 1994. "With strong demand diverting sales to the domestic

market. Czech exporters again lost market share abroad,'

says the IIF study. By contrast, import volumes surged by 24 per cent, boosted by imports of investment goods products. Higher imports widened the current account deficit to \$1.9bn, or more than 4 per cent of GDP, from near balance in 1994. The Czech Republic still has a strong surplus in services, however, with the most important contribution coming from tourism, which helps to moderate the impact of the growing trade deficit. The Czech government still

about the trade deficit and argues, that it is inevitable that the deficit will rise at this stage of the transformation of the economy with the rising imports largely accounted for by growing investment, as industrial output and construction expand.

An analysis made by Komerční Banka, the leading Czech commercial bank, says that the higher volume of imports are "of a predomi-nantly pro-investment character" and that they are coming especially from advanced market economies, indirectly indicating the quality of the imports.

The present import and investment wave is expected to result in "a higher technological level, and higher competitiveness of goods and tradeable services both at home and in foreign markets," says the bank report. It will take time for this impact to show through in the country's trade performance, however, and in the meantime the slack is being taken up by foreign capital inflows.

Greater flexibility in exchange rate policy

Central bank takes precautionary steps

anticipated step of widening the band against which the korona fluctuates against a hard-currency basket. The fluctuation band was increased from 0.5 per cent either side of a central fixed rate to 7.5 per ceut, creating e

15 per cent spread. The central bank acted after a period of heavy inflows of foreign capital, which amounted to \$8.4hn in 1995, the equivalent of about 18 per cent of gross domestic product.

The growth in liquidity resulting from this avalanche of money complicated the CNB's aim of reducing inflation. The average inflation rate in 1995 was 9.1 per cent. The CNB had three aims in introducing a more flexible exchange rate policy. The first was to eliminate the inflation-

ary effects of short-term capital inflows. The second aim was to increase the competitiveness

Economic indicators

following heavy inflows of foreign capital On February 28, the Czech of the Czech economy, a longer National Bank took the widely term goal aimed at eventually term goal simed at eventually reducing the trade deficit.

The third aim, related specifically to the size of the new band, which surprised many. was to allow the CNB to have the ability to use the full 15 per cent spread if it was forced

to do so. A narrower band may not have been sufficient to neutralise speculative capital and the bank would have lost e certain credibility if it were forced into a second widenis The CNB acted when it did

because the flow of capital in the first two months of this year "had practically stopped on a net basis," according to Mr Josef Tošovský, CNB governor. This reduced revaluation creating the optimal conditions for a change in exchange rate policy.

How much of the total 1995 inflow of foreign capital is short-term or speculative is a matter of conjecture. Esti-

direct investment, 35 per cent

other long-term capital, 17 per

cent portfolio investment and

18 per cent short-term capital.

capital account was several

times the sum needed to cover

the current account deficit.

and as a result the country's

foreign exchange reserves have

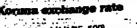
eurged with the official reserves of the Czech National

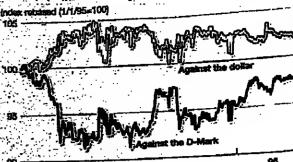
Bank reaching around \$13.9bn

by the end of last year com-

pared with \$6.2bn at the end of 1994 and \$3.8bn at the end of

The resulting surplus on the





per cent of the total of \$8.4bn. which is nevertheless a destabilising amount in such a small market.

In the three days following the CNB's move, a net \$660m was withdrawn by investors. Mr Tošovský said. Bnt on April I the CNB raised interest rates to try to stem a sharper than-expected rise in inflation in January and February caused mainly by increases in regulated prices.

Fearing that rises in, for example, the price of bread would lead inexorably to nands for higher wages and pensions, the CNB felt it had no choice but to raise interest rates, since a primary goal is to cut inflation further in 1996

to about 8 per cent.

The interest rate increase had the predictable nawelcome effect, from the CNB's point of view, of once again attracting more short-term foreign capital. Abont Kc 2.4bn flowed in over three days, as if testing the central bank's newfound resolve to use the full width of the expanded fluctuation band to ward off currency and interest rate speculators.

Mr Tošovský said the CNB was ready to use the full width of the band to increase uncer-tainty in the exchange rate if necessary - "investors have to take the full band into

Vincent Boland

Growth of gross domestic product

1993	1994	1995	1996*	1997*
-0.9	2.6	4.8	5.5	5.5 - 5.9
20.8	10.0	9.1	7.5-8.5	7.2 - 7.6
3.5	8.2	3.0	3.2	3.5 - 3.9
0.4	-0.1	`- 4. 1	-5.4	-5.7
0.7	0.9	0.4	1.4	0.8
_	47.7	47.3	44.7	42.5
21.1	19.9	17.9·	15.8	14.4
	-0.9 20.8 3.5 0.4	-0.9 2.6 20.8 10.0 3.5 3.2 0.4 -0.1 0.7 0.9	-0.9 2.6 4.8 20.8 10.0 9.1 3.5 3.2 3.0 0.4 -0.1 -4.1 0.7 0.9 0.4 - 47.7 47.3	-0.9 2.6 4.8 5.5 20.8 10.0 9.1 7.5-8.5 3.5 8.2 3.0 3.2 0.4 -0.1 -4.1 -5.4 0.7 0.9 0.4 1.4 - 47.7 47.3 44.7

The move by the Czech central bank to widen the trading bands for the Czech currency, repeated concern about the pace and effectiveness of the the koruna, may slow or restructuring of enterprises, reverse the flow of short-term which are believed to be overspeculative capital into the country, which was previously attracted by high interest rates

with little exchange rate risk. Since the end of February the koruna has been able to fluctuate 7.5 per cent either side of the daily currency fixing compared to the 0.5 per cent previously permitted. A tendency for the currency

to the pressure on Czech industry to restructure. With virtually the lowest level of unemployment in the

whole of Europe at some 3 per

to appreciate may further add

manned and reluctant to shed surplus labour. The shake-up was supposed to follow in the wake of privatisation, where the Czech Republic moved further and earlier than most of the transition economies, but there is unease about the ability of new own-

economists voice

ers to lead the drive to restruc-Czech industry lags behind foreign competitors in technology, retains backward working practices and outdated management strategies." claimed the Merrill Lynch report.

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In the longer term, all Czech

banks face the problem of com-

nows in the European context.

While rumours surface from

time to time of mergers among

the Big Four, discussion of

developments like these are

somewhat besida the point

while the state is the biggest

Ownership of CSOB, the

fourth large bank, is particu-

larly complex, with the Slovak

state owning 24 per cent and most of the rest split between

the Czech finance ministry, the

At the service level much

also remains to be done to pro-

vide the kind of banking ser-

vices common in the EU. For-

eign banks have also become

powerful competitors of the big

local institutions in the areas

of corporate lending and cani-

tal market activities. Much

progress has been made in the

past five years, but Czech banks are finding that reform

is a never-ending process.

NPF and the CNB.

Big need to tackle problem loans

Czech banks are finding that reform is a never-ending process

A number of pressing questions face the Czech banking sector at a crucial stage in its reform process. The most serious is the need to get to grips with problam loans, which plague every bank's lending portfolio and have already caused the collapse of several small institutions.

The bulk of communister loans were assumed by the Consolidation Bank, leaving the balance sheets of the Big Four - Komerčni Banka (KB). Ceska Spořitelna (CS), Investiční & Poštovní Banka (IPB) and Ceskoslovenská Obchodní Banka (CSOB), which were created by the break-up of the centralised banking system relatively free of irrecoverable debt. While some communistera debt remains a problem for the sector, the most acute difficulty is soured lending arising from loans granted since 1990.

An exception

Only KB, the linchpin of the sector, is considered to have achieved considerable success in provisioning for bad debts. KB required only a small sum to set aside against bad and doubtful debts from lts 1995 results, but its total reserves nevertbeless amounted to Kc 28.5bn at the end of the

CS, the giant savings bank, was forced this month to set aside over Kc 9bn of gross prof-Its for 1995 as reserves against problem loans in its portfolio, almost wiping out its after-tax profit, CS has been in the lending business only since 1990, and its lending difficulties, compounded by its exposure to the collapse of several small banks through its dominance of the interbank lending market, have highlighted the problems that the sector has incurred since the start of economic reforms.

Problem loans are not just an indication of difficulties within the banking sector, bowever. They also testify to the growing problems of borrowers, especially those large companies that have been wholly or partly privatised and which are encountering severe restructuring problems them-

Standard & Poor's, the US ratings agency, in its April BankRatings report, said that virtually all Czech banks are plagued by problem loans. "The dearth of bankruptcy proceedings indicate delays in problem recognition, and, more importantly, deferment of organisational and financial restructuring of borrowers,"

The large stakes in KB, CS and IPB held by the state have . helped to reassure investors that if any of these three institutions, which constitute the bulk of savings and lending business, were to encounter serious problems the stata would step in. Bankers believe there is no question but that official help would be available for these three banks, although

the likelihood of such action being required is receding as they continue to provision under pressure from international auditors and from their own desire to attract foreign portfolio investors.

Problam loans, and an unwillingness or inability to tackle them, run deeper among the country's army of small. banks. These institutions were set up using private capital in a period up to late 1994 during which the Czech National Bank had a liberal licencing policy. The most successful of this breed of bank is Agrobanka, which has pursued an aggressive growth policy in the past year but remains a some-

what intransparent institution. However, the small bank sector was rocked earlier this year by the near-collapse of Ekoagrobanka (no relation to Agrobanka), which was brought to the brink by unwise lending. The CNB agreed, somewhat to the surprise of observers, to step in to rescue Ekoagrobanka while warning small banks that the rescue was a one-off and that the sector needed to sort itself out quickly.

Mr Richard Salzmann, chair man of KB, remembers tha shock he got three years ago when the bank got its first international audit. He and his board had expected to make a profit of Kc 5hn, but the audit revealed a loss of Kc 4.5bn because of the need to increase loan loss provisions.

"Wa are happy to have that experience behind us," he says, "but it is one that a lot of Czech banks have yet to undergo."
Problems within the small-

bank sector raise another serious issue facing the authorities and the wider banking world. In devising a solution for the small sector, should the large banks be forced to help?

Yes, argue the heads of small banks, and even the central bank is aympathetic to the

No, argue senior bankers at the bigger institutions. They are private companies, not charities, they argue.

The CNB between 5 and 7 per cent of the small-bank sector is in serious difficulties, "equal to one medi-um-sized bank," says Mr Josef Tošovský, central bank governor. He argues that a significant, one-off move to sort out these small banks, with financial support from the National Property Fund and the larger banks, is in the wider interests of both the banking sector and the economy as a whole.

Higher costs

Troubled banks give the appearance of instability, Mr Tošovský argues. Instability could raise the costs to big banks of raising funds abroad. "This could raise the cost of borrowing for the whole economy," the governor says. That is why the CNB is trying to persuade large banks to bear part of the cost of stabilising the sector. And since, despite privatisation, the state is the largest shareholder in KB. CS and IPB, executives there are likely to respond positively to any request for financial assis-

OWNERSHIP OF CZECH BANKS

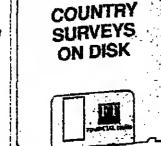
 Ceská Spořitelna (Czech Savings Bank): National Property Fund (NPF) - 45 per cent. Investment funds (IPFs) - 32.5 per cent. Municipalities - 14.75 per cent. Individual shareholders (DIKs) - 4.75 per cent. Resitution investment Fund (RIF) - 3 per cent.

 Komerčni Banka: National Property Fund (NPF) - 48 per cent. Investment funds (IPFs) – 33 per cent. Individual sharebolders (DIKs) – 7.5 per cent. Foreign institutions - 9 per cent.

RIF - 2.5 per cent Investicni and Poštovni Banka: National Property Fund (NPF) - 32.8 per cent. Prvni Investicni AS (PIAS, IPB's fund management.

Ceska Pojistovna (Czech Insurance Co) - 7.5 per cent arm) - 14.7 per cent. RIF - 6.8 per cent Institutions, including IPFs and other portfolio

investors - 38.2 per cent. Ceskoslovenská Obchodni Banka: Czech National Bank - 26.5 per cent Czech NPF - 19.6 per cent Czech Ministry of Finance - 20 per cent National Bank of Slovakia - 24 per cent Others - 9.9 per cent



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Political scene: By Kevin Done

Governing coalition in confident mood

As elections loom, the fragmented nature of the opposition rules out a unified challenge from the left-wing parties

In nearly all the former change the constitution. tance, even while protesting about it, analysts believe. communist countries of central Europe renamed, reformed excommunist parties have returned to power, but not in petitiveness. Despite their rapid growth they are minthe Czech Republic.

Tha country's special position in the region is unlikely to be broken at the general election due at the beginning of Jime with all the opinion polls pointing to a clear victory for Prime Minister Václav Klana's right-of-centre Civic Damocratic party (ODS) and his coalition allies.

The image of political stability and fiscal rectitude has underpinned the Czech Repub-lic's standing in international financial markets and supported the strength of the cur-

Indeed, there is some speculation among political analysts that the present governing par-ties, the ODS along with the Civic Democratic Alliance (ODA) and the Christian Democratic Union/Czech People's Party (KDU-CSL) could boost share of the vote to the point that they would gain a constitutional majority, the three-fifths of the members of parliament nacassary to

Such a result would throw an added spotlight on the election in the autumn of the first Senate, the country's planned second parliamentary chamber, which observers see per-

forming an important role as a

constitutional check on a gov-

ernment able to dominate the

lower chamber and led by the

powerful Mr Klaus. Opinion polls this year heve consistently placed the ODS at around 29 per cent of the vote, with the Social Democrats tha main opposition party gaining 20 per cent.

Government fears last year that the ODA, the junior coalition partner which seeks to appeal in particular to the new entrepreneurial class, might fail to clear the minimum 5 per cent hurdle, have receded. In recent months the ODA has gained ground in opinion polls to reach around 9 per cent support instead of the 5 to 6 per cent, where it languished for much of last year.

At the same time, some doubts have surfaced about the loyalty of the centrist Christian Democrats, which have failed to proclaim the ODS as



Czech President Váciay Havel, the former dissident playwright and leader on in 1989, believes the country will develop along

their only imaginable post-election partner, thus opening the door to a possible coalition with the Social Democrats. This remains an unlikely scenario, but the Christian Democrats could eventually emerge as the swing party of Czech politics

the governing coalition over the election result is strengthened by the fragmented nature of the opposition, which rules out a unified challenge from the left wing parties.

The present confidence of Unusually for the countries

of central Europe the Czech Republic still has an unreformed communist party, the Communist Party of Bohemia and Moravia, which consistently claims around 9 per cent of voter support, in particular from older people feeling threatened by all the systemic

changes of the past 6 years. Czech President Václav Havel, the former dissident playwright and leader of the Velvet Revolution in late 1989, says the failure of the former communists to reform bas guaranteed that they will

remain, however, at the margin of Czech politics.

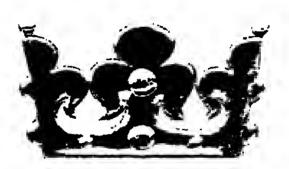
"Unlike in Poland or Hungary or other countries in the region, we had a communist party that was one of the most conservative and the most scle-rotic," said President Havel in

"All the reformers were expelled after the Soviet invasion of 1968, and that is why the communist parties - we have four now - do not play a major political role in this country right now.

For the Social Democrats, party with a long tradition in Czech politics which was banned during the 40 years of communist rule, co-operation with the communists is not an option that can be contem

olated. They have made significant progress during the past four years under the somewhat acerbic leadership of Mr Milos Zeman, but there are few that believe that they yet constitute an alternative government.

The Czecb president believes that the country will eventually develop along west European lines with a stronger social democratic alternative. "We can see thet in west Europe the pendulum swings from left to right and back again, and I believe that that is Continued on page 5



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Consolidation process under way

Investment funds now control most of the country's financial assets

Reform is the issue of the moment in Prague's financial community. Depending on which side of the argument one is on, the consolidation process now under way in the ownership of privatised industry is either a logical, necessary and welcome development that must not be hampered or curtailed by the dead hand of regulation, or it is logical necessary, welcome and should be encouraged by being regulated so that it benefits all shareholders, not just a few of them.

Most markat participants agree that consolidation is a logical step forward from coupon privatisation, which simply removed property from state control. Market forces were trusted to take privatisation to the next stage - of permanent owners. Those market forces are currently at work, with a vengeance.

The government does not want to do anything to slow down this process. It has the backing of managers of investment funds, set up by banks and others to manage tha shares that citizens received through coupon privatisation.

Through the funds the banks and other managers acquired large stakes across the spectrum of Czech industry. Doing so cost them nothing beyond advertising fees, because coupon privatisation meant the distribution of billions of dollars worth of property to todividuals for payment only of an

administration fee. Investment funds now control most of the country's financial assets. Investors - mostly aggressive local companies seeking to expand through acquisition, or the more powerful fund managers - use tha funds as sources of stock. A purchaser usually needs no more than 34 per cent of a target's stock to have control. Funda also often act in concert, as is the case throughout much of the brewing industry, for example.

This process has been developing at a furious pace for tha past year. It was given a boost in October 1995 after the Bahamas businessman Mr Michael Dingman struck a deal with the Harvard fund management group run by Mr Viktor Kozeny under which Stratton, Mr Dingman's private investment company, took stakes in eight ading Czech enterprises.

Mr Kozeny may not be the biggest fund manager, hat he is probably the most influential and certainly the most farsighted. He was the first to set up in the business, and spotted the opportunities of conpon privatisation long before his rivals did. Since then, every move he has made - he runs his business from his home in the Bahamas, where he is Mr Dingman's beachfront neighbour - has been watched obsessively in Prague for cines

to where the market is headed. The newest development involves investment funds changing their status to that of holding companies. By doing so, fund managers get around rules that limit the amount of money they can invest in a single company. There is no specific clause in the regulations governing funds that prevents a fund from being turned into a holding company, but lawyers have pointed out that such a move almost certainly comes under the heading of

"significant change in a fund's status", which the regulations seek to discourage unless it is carried out after full consultation with and approval of a fund's shareholders. The process of consolidation

is under way at a tima when foreign investors are showing a renewed interest in the Czech

'We are trying to get the regulations closer to those of a normal, functioning market'

etock market. Foreign inves-tors made a killing in the market to its early days to 1993, exiting just as share prices peaked. For much of the past two years the market has been in a slump, but Mr Dingman's coupon privatisation, the attractions of particular stocks such as SPT Telecom, and a general reassessment of emerging markets, has sparked renewed interest among portfolio investors.

While foreign investors were away, however, the PSE turned into a classic insider's market. The consolidation process is

not aimed at enhancing shareholder value but at acquiring control of companies at minimal cost as domestic fund managers and corporate bosses

jostia for position.

Much of this activity has taken place outside the official Pragua stock market. As a result, published data is constantly ovartakan by unpublished events. Even the PX 50 index of leading shares is treated with suspicion by independent fund managers, who say it is based on incomplete

This is not the ideal environment in which to attract foreign money. Many potential investors, such as pension funds which are strictly regulated in their home markets, are reluctant to enter. "People don't want this hassle," says Mr Zdenek Bakala, chairman of the investment bank Patria Finance, who believes the PSE is under-performing Warsaw and Budapest by a factor of three or four as a result of its echnical shortcomings.

The Czech capital market the PSE, corporate governance, shareholder rights, and so on is governed by three key pieces of legislation: the Commercial Code (which sets out rules for the husiness environment), the Investment Companies Act, which regulates the activities of investment funds, and the Securities Act, which regulates the stock market. The last two were drafted in the heat of coupon privatisation.

Amendments to these acts due to take effect on July 1 will tilt the balance of power marginally away from exponents of the status quo and marginally

towards independent investors who seek greater protection of their rights to consultation and a reasonably free flow of information. They were inspired mainly by Mr Tomáš Ježek, an architect of coupon privatisation who took over as chairman of the Prague stock exchange on April 1.

The key changes are an amendment to the Securities Act designed to enhance protection of minority shareholders, and an amendment to the Commercial Code which will oblige an investor taking a stake of 50 per cent or more in a company to make an offer to buy out minority shareholders in that company.

Other changes will ohlige a group of managers seeking to delist a company from the exchange to seek the approval of chareholders (currently only the board of directors need soprove such a move), and will break the dominance of the state-run Securities Centre in acting as the registrar of all shareholdings.

We are trying to get the regulations closer to those of a normal, functioning market." says Ms Petra Wendelova, a vice president of investment banking at CS First Boston in Prague who advised on the new rules.

The hig test remains their enforcement, and there is no guarantee, despite Mr Ježek's appointment, that enforcement will be any more effective than it is now. Until an independent watchdog is in place, the Prague etock exchange will continue to be a shark-infested stretch of water for the aver-

Reform is the hot topic in the financial community. Above, the banking district, Prague

Ministeriai interview: Vladimir Rudlovčák

reluctant regulator

'The first duty of the government is to complete privatisation,' says

the deputy finance minister Mr Vladimír Rudlovčák, the deputy finance minister with

responsibility for capital markets, is a rejuctant regulator. In at the birth of coupon privatisation, he claims that the structure of the capital markets this pioneering exercise created is unique and not comnarable to that of other mar-

"Our capital market is something specific. It is very difficult to compare it to any other emerging market, because 90 per cent of it is not a traditional capital market," says Mr Rudlovčák. "The question is: what should be on the capital market and what should leave it. We must now give natural forces the space to sort

this out." One of Mr Rudlovčák's tasks is to oversee the markets supervision section of the ministry, which has come in for fierce criticism for its inability to enforce the rules that exist to regulate market activity.

With 65 inexperienced and

hadly-paid staff trying to mon-iter the complex activities of increasingly sophisticated investors whose understand-ing of the rules is infinitely greater than that of the regulators, it is a thankless jo Mr Rudiovčák insists that

onsolidation of the ownership structure that emerged from coupon privatisation is crucial to the development of the markat Regulation should not prevent that process, be says, and there is little tha government can or should do to create the conditions where all investors will benefit equally because to do so could stop the process or slow it down.

Why should I limit Ithe activities of large investors! while pretending to protect small investors? If 1 do, I'll simply stop this process of consolidation and small investors will end up much worse off if consolidation stops nr slows down.

"I'm an opponent of false protection. The first duty of the government is to complete privatisation. From the beginning we had a principle that if we can, with minimum risk, proceed without regulation. we would, if I'm not compelled to regulate, I won't - until something changes and then will change my approach."

Mr Rudinycak is nut convinced that now is the time to change the government's approach. He says he disagrees in principle with some aspects of the proposed reform pack age, particularly the clauses relating to mandatory huy out offers where a sbarcholder takes a 50 per cent or bigher stake in a company.

Pinancing for such buy-outs, he believes, will be difficult to raise. Investors who cannot raise the extra finance tu make such an offer might decide not to move at all, he fears.

He also says there is unlikely to be any significant strengthening of the supervisory section to ensure that the new rules are enforced. He says he is sympathetic to the idea of an independent watchdog modelled on the US Securities & Exchange Commission, but until one is established he appears reinctant to see tha ministry create an in house watchdog that might ultimately be a barrier to it.

The reform package "will be absorbed over a year." he says. Then in 18 months we can look again at setting up a new smervisory authority"

Vincent Boland

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■ Prague stock market development: By Kevin Done

Concern over corporate disclosure

Foreign investors worry over lack of transparency in prices and illiquidity

Prices on the Prague stock exchange have made significant progress this year, but they have been overshadowed by the big gains achieved in Warsaw and Budapest.

The fundamentals of the Czech economy and the sense of political stability - unaffected by the looming election - ought to favour Prague in the minds of foreign investors looking to invest in central and east European equity markets, but brokers warn readily of the perils of investing in Czech

The concerns range from inadequate corporate disclosure, lack of transparency in prices, illiquidity, and the fact that it is an insider's market. A report from Zivnostenská

Banka, the Czech bank in which BHF Bank of Germany holds a dominant position. claims that the main obstacles to better performance in recent months have been "poor market transparency and fear of investors scared by the so-called third privatisation

The latter is the rather misleading term given to the process of concentration of ownership currently under way in the Czech Republic with quick changes occurring among the shareholders controlling large stakes with little thought given to the protection of minority

While the markets in War-

saw and Budapest have surged by 50 per cent and more so far this year, the main Prague stock exchange todex has advanced more sedately with a rise of more than 15 per cent during the first three months of the year. This has still ontstripped earlier less optimistic forecasts, however, and is a gain that many analysts had expected to take np to 12

months to achieve. After the collapse of the first half of last year in which the PX-50 index fell from 586.6 in January to a low of 387.2 in June, there was a slow recov-ery during the second half with a gain of 10 per cent to end the year at 425.9. Steady gains this year mean that during April the index has again broken through the 500 barrier.

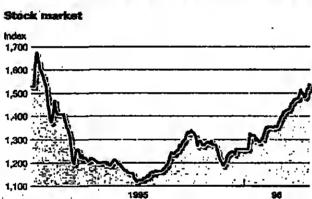
Still, investment bankers claim that it is crucial to have a reliable domestic broker on your side to avoid the myriad pitfalls of the Czech market. This is much more important in Prague than in Warsaw, where there is one market, better disclosure of corporate events and clear regulation," says Mr Ales Barabas, Zivnostenská Banka director of investment banking and chairman of the Prague Stock

Exchange's listing committee. According to local brokers Patria Finance the Prague market has developed rapidly in its first three years, but they maintain "it has a long way to go before it begins to offer the liquidity, transparency, quality of trading and settlement pro-cedures of other European exchanges". The problems are galling as Prague has the potential to be a leader in the region. The number of stocks

on the market at more than 1700 - reflecting the completion of two waves of mass voucher privatisation - dwarfs both Warsaw and Budapest, and at some \$20bn the market capitalisation is several times higher than those of the Polish and Hungarian bourses.

The potential here is much greater, there is a higher market capitalisation, and more companies, but you must anafor 10 per cent of share trading. the Securities Centre for between 30 and 40 per cent and the Prague stock exchange for between 50 and 60 per cent.

The main index for the market is the PX-50, based on the top 50 stocks on the Prague stock exchange. It reflects only prices in the central market's automated trading system. which for much of last year was accounting for 10 per cent



lyse everything very carefully. There are four prices in Prague, it is much more demanding," says Mr Barabas. "Based on the economic fundamentals, it is tha tima to come and huy, but there are obsta-

cles to investing." Already lacking in liquidity. share trading in Prague suffers from there being four different markets, the Prague stock exchange (PSE) itself with both its automatic trading system and direct block trades, the Securities Centre and the RM-System, mainly used by individuals Zivnostenská estimates that the RM-S accounts

or less of the market's traded value, with the balance accounted for by direct trades. "The creation of prices in Prague is ridiculous," claims

ona laading investment banker. "The prices in overthe-counter direct trades of blocks of shares are totally different to the prices to the central market. And the prices at the Securities Centre are totally different to the PSE and for market information are useless. Tradars exchanga shares at the Securities Centre, because they don't have to reveal the real price. It's a nice tool to confuse the competition

and to manipulate the mar-

being paid for big blocks of shares in what is still seen as a market for strategic rather than portfolio investors, where the process at work is still one of concentration of control, of consolidation, rather than one of raising capital and of setting

"There is still a hig step ahead for this market to move from privatisation to the normal functions of a capital market." says Mr Barabas.

Some important changes are already taking hold, however, which are improving trading prospects in the main stocks. In March the bourse moved to continuous trading for the first time in the five main stocks, Komercini Banka, the leading commercial bank, Ceska Sporitelna, the savines bank, CEZ. the power ntility. SPT Telecom, the partially privatised telecommunications utility and the KB Investični fond, the

Continuous trading is expected to improve both liquidity and price formation. It will further concentrate operations on around 60 per cent of trading is focused on tha top 10 stocks. At the same time, more onerous financial reporting regulations have been imposed on the leading 60 or so listed companies on the bourse.

Three tiers were introduced last year with the top 35 stocks to the "main market" having to provide quarterly financial reports, and the remainder of the 60 listed companies in the so-called second tier reporting every six months.

Profile: Tomáš Ježek, chairman of the Prague stock exchange Outspoken protector

of small investors

Mr Tomáš Ježek, the chairman of the Prague stock exchange, is one of the best-known faces in the Czech Republic. His blunt, populist style has made him a popular figure, while his relative independence from the party political fray, despite being a member of the governing Civic Democratic Party (ODS), means he is also thing of a loose cannon.

Mr Ježek is one of the men who planned and executed the coupon privatisation programme. As chairman of the National Property Fund, the state holding company, during the first wave of privatisation he played a key role in ensuring a successful outcome. He left that post in 1994 in controversial circumstances, in a coup by leaders of the Civic Democratic Alliance (ODA), a junior coalition party of which he was then a member.

At the same time he defected from the ODA to the ODS. which has proved to he a more natural home for a man not afraid to speak out of turn. He has campaigned for some time for the chairmanship of the PSE, and on April 1 succeeded Mr Richard Salzmann at the

post. The latter stepped down because of the demands of his position as chairman and chief executive of Komercoi Banka, the biggest Czech bank. Mr Ježek brings to the stock

exchange post a determination to protect the interests of small investors in a process of rampant, post-privatisation consolidation in the ownership structure of Czech industry. Since he does not bring any experience of stock markets to the role, his most potent weapon in ensuring a more orderly market may be his genuine outrage at what he believes is the abuse of millions of small investors - most of them Czech citizens - at the hands of the domestic investment funds and other powerful market players.

He has already made his presence felt. Earlier this month he removed a large investment fund's listing from the main market after its managers changed its status to that of a holding company. That move, Mr Ježek said, was a violation of the investment fund licence granted to PPF, the fund's manager, and described it as "a commercial offence". PPF said it would seek to

have the new holding compa ny's stock market listing restored as soon as possible but did not offer to revert back to the status of investment fund. Nevertheless the PSE chairman believes he has made a point - "PPF did not inform the market lie make a public announcement) of the change, so the fund was suspended"

This example cuts to the heart of the debate on the transparency of the Prague market. Disclosure rules are frequently flouted, but they will be strengthened by the adoption of amendments to the acts governing the capital markets. Mr Jeżek is determined to see that those new rules are enforced, even though it is the finance ministry and not the PSE that is responsible for

But, as is clear from the PPF case, the exchange can impose its own sanctions. Investors "not meeting the disclosure requirements [of the new amendments) will lose their voting rights for one year," says the chairman.

Vincent Boland

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AGRA

ratisation: By Vincent Boland

■ National Property Fund: By Vincent Boland

heady days are over now

hankers believe that those

ahareholdings lend credibility

is likely after the election,

when control of the agency

moves to the finance ministry

from the privatisation ministry, which will probably

needs to examine its own role

shareholder in industry and to

develop a long term strategy

for acting in that capacity.

At the moment, says Mr

Zdenek Bakala, chairman of

the investment bank Patria

strategy, no mandate and no

As the country's biggest

shareholder, the NPF is a

a junior member of the

ministry. The finance

province of the Civic

significance, and its

continuing role, may be

considerable political power

base. Mr Ceška is a member of

the Civic Democratic Alliance.

ontgoing coalition that also

controls the privatisation

ministry, meanwhile, is the

minister, Mr Václav Klans.

Democratic Party of the prime

If the NPF comes under the

after the election, its political

tools to implement it if it had

Finance, the NPF "has no

ooe".

be closed. Bankers say,

as a continuing large

however, that the NPF also

The pioneering coupon privatisation programme ended early last year, while

n era of sorts will end in the first weeks after the Czech general election with the probable closure of the Czech privatisation minis-try. Although the sell-off programme is by no means over, the ministry's role as an administrative centre for tha vast amount of paperwork involved in coupon privatisa-tion effectively ended early last

From now on, privatisation will take a different form, with cabinet and at the finance ministry, which is likely to assume responsibility for the National Property Fund, the state holding company which up to now

be National Property Fund is

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rying sizes in hundreds of

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strategic privatisations arguably peaked last summer. Much of what remains to be privatised - banking, telecoms, energy - has already been partly sold has been an adjunct of the pri-tion of the banking sector. It is

vatisation ministry. For the new government, speed will no longer be of the sence in taking privatisation declaions. Much of what remains to be privatised banking, telecoms, energy has already been partly sold off. The question will be :: what extent these sectors ne strategic investors, who the : investors should be, and where they should come from.

to the sector. At a time of pain-The most difficult issue to be ful re-adjustment to the marfaced is the further privatisaket, they signal a readiness by

Embarrassing setbacks

for largest shareholder

A review of the NPF's future is likely after the election, when

an unpaid instalment for his

stake. In addition, Poldi owes

huge sums in unpaid social security levies, which the labour uninistry is unlikely to

period in private ownership.

Poldij also ran np huge debts,

estimated at Kc 3.8bn, which

may have to be borne by the

to the Poldi debacle. But

more serious long-term

for a 38 per cent stake in

Spolana, a hig chemical

company, in a tender, not

because it is an unattractive

investment proposition but

because a strategic investor

serious buyers.

had just acquired a controlling stake, freezing oot other

Since the NPF does most of

its selling through tenders, the

Investment bankers, who have

a vested interest, talk of the

and to consider international

shortage of domestic capital.

A review of the NPF's future | changed considerably.

need to undertake public

offerings to overcome a

failure to dispose of Spolana suggests it needs to be more

innovative in future.

another setback could have

implications. In February, the

agency failed to find a buyer

The NPF reacted defensively

During its short

control of the agency moves to the finance ministry

government to step in to help a matter of some debate as to should something go badly wbether ending state involve-

Bankers point out that all ment in the country's four the banking collapses over the large banks is a necessary prerequisite to privatisation of new, private institutions in other industries, but there is no doubt that the state's sharewhich inexperienced or downholdings in the banks act as a right incompetent executives force of both good and ill for over-extended themselves. the economy. Senior Czech

But continued state ownership of the big four also raises questions about the depth of privatisation, given that Komerčni Banka, IPB and Ceská Spořitelna are among tha most powerful fund manag ere, managing investment funds with stakes in a swathe of industrial holdings on behalf of millions of citizens.

Combining these large investment portfolios with their savings and lending busi-nesses, tha large banks probaoly control two thirds of the Czech Republic's financial assets, estimates Mr Vikas Thapar, Prague representative of the International Finance Corporation, the private sector arm of the World Bank.

For the moment there is a problem about further privatisation of the sector. A shortage of domestic capital rules out sales to domestic investors,

For a variety of reasons meanwhile, the government is reluctant to sell stakes in the large banks to foreign strategic investors, although the Czech National Bank is more in favour of this option.

German buyers

The most obvious buyers are German banks or other institutions, and German influence in the economy is already considerable. In addition, the only significant foreign investor in the Czech banking sector is BHF Bank of Germany, which owns 40 per cent of Zivnostenská Banka, a mid-size niche

One sector likely to be an

early target of privatisation is energy distribution. This sector was slated for sell-off last year but the process was stopped because regulatory remained to be clarified

Eight gas and eight electricity distributors, created through tha break-up of old monopolies, have already been partly privatised through coupons, and local authorities also own stakes

Wide interest

There was strong initial interest from British, German and French energy groups in the sector last year, and thesc potential investors are expected to return if and when the distributors are offered for

In addition, the state owns two-thirds of CEZ, the electricity producer, but there are no plans currently to reduce this. The energy sector was further restructured last year through the creation of Unipetrol, a bolding company for petrochemicals, oil refining and petrol retailing, A 49 per cent stake in the Litvinov and Kralupy refineries was sold to a consortium of Agip, Conoco and Royal Dutch/Shell, presaging a \$450m investment and

modernisation programme, Another early candidate for privatisation could be Nova Hut, a large steel plant in Moravia. The government has an unhappy record of steel privatisation, bowever. Poldi Ocel, the first to be privatised, is facing bankruptcy and has cost taxpayers at least Kc 750m

so far in unpaid bills. There are also allegations of fraud surrounding its sale to the entrepeneur Mr Vladimir Stehlik, who ultimately could not raise all the money he needed to buy the plant. Earlier this year, the govern-

ment sold a controlling stake

in a second steel plant, at Tri-

privatised is not as attractive to investors as telecommunications, making the new government's job more difficult. A review of privatisation options and priorities is likely to follow after the election, and it could

guities surrounding the Czech

kay sector in the low-wage. low-tech Czech economy.

Although the industry has

shed thousands of workers

over the past five years it still

needs heavy investment in

modernisation and the stream

lining of production. Nova Hut

needs to spend about \$700m

over the next five years to

modernise, most of which will

have to come from private

sources. For that reason, and

to avoid a repetition of earlier

mistakes in the sector getting

the plant's privatisation right

The big privatisation rush is

over, bowever - the coupon

programme enduo last year,

while strategic privatisations

arguably peaked last summer with the sale of 27 per cent of

SPT Telecom to a Dutch/Swiss

Much of what remains to be

include innovations such as

international public offerings

as a means of selling stakes.

consortium for \$1.45bn.

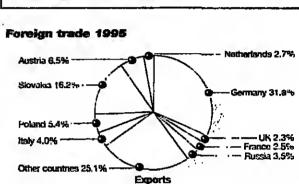
first time is crucial.

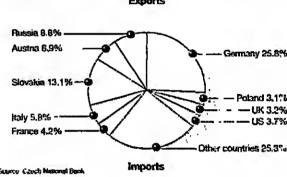
The steel industry remains a

sell-off programme.

nec, to a group of investors at CZECH REPUBLIC: KEY FACTS Moravia Steel, a new private company. That sale also caused controversy, hecause Prime Minister the Consolidation Bank, a Finance Minister state-owned institution. Whether allowing private ... 10.4 million investors to use public money Capital city to huy a property from the Czech Koruna, Crown (US\$1 = Kc 27) state can be called privatisation is one of the deeper ambi-

Industrial production growth, 1996 estimate 6.0 per cent Average consumer price Inflation, 1996 est. 8.5 per cent Nominal GDP, 1996 forecast ... Nominal GDP per capita, 1996 forecast \$4.837 Exports, 1996 forecast \$18bi Imports, 1996 forecast Gross foreign debt, 1996 estimate .. Foreign trade 1995





HIEVESTORS

Coalition remains confident

Continued from page 3:

likely to be the case in thiscountry. it is part of the traditions of west Europe, where we feel we belong.'

According to President Havel, "a certain development still lies ahead of our Social Democrats, before they emerge as a genuine alternative like the western social democratic parties are. "Many people feel that we should have a valid Social Democratic party as an alternative to the more right of centre parts of our political spectrum. Given the fact that time for a structure to develop and for its leaders to profile themselves. It is still experien-

cing some growing pains. The Czech Republic continnes to enjoy a remarkable proreform consensus. There have been some pointers in recent months to the potential for future social unrest, with protests by public sector groups such as the railway workers and more recently by doctors. but disquiet about the state of tha health service and about education does not appear to the Social Democratic party bave the proportions that

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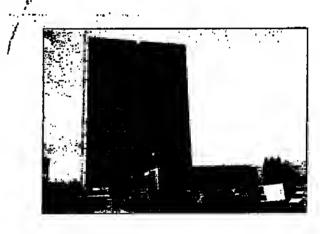
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had to start again from could undermine the present scratch, it still needs some coalition. coalition.

The ultimate parliamentary

strength of the main parties will be determined importantly by how many of the smaller parties on the Czech political stage succeed in crossing the 5 per cent barrier.

"The election will not be a very exciting event," says Mr Jefim Fistein, the new editor of Lidove Noving, the pro-government newspaper. "But this stability is the main blessing for this country. The world knows what it can count on ... rationalism is so deeply-rooted in Czech society.'



PUBLIC TENDER



On the 27th March 1996 the General Director of Czech Radio decided to advertise PUBLIC TENDER for making the best bid to enter into a contract on purchase of the Radio Brondcasting Centre at Pankrac, Prague 4, Runczikova St.

1.1. The object of the public tender ("Tender") is the best bid ("Bid") subject to the advertiser's valuation, to enter into an agreement for the: (a) purchase of a real property and certain movable estate; (b) conveyance of obligations; (c) conveyance of lease agreements; (d) assignment of claims in relation to the Radio Broadcasting Centre Pankrae still in construction (.RSP1) in accordance with the conditiuns herein:

2. The RSP consists of:

2.1. A high rise building under construction · 27 floors plus 3 undergroud floors, plot No. 2860/9:

2.2 A building - three floors + one underground floor, plot No. 2860, 10; 2.3. Other areas registered under the plot No. 2860. t whereby all the described property is entered in the evidence tille record No. 50 of the Cadastral Area Nusle, Land Register Office Prague · City: 2.4. Provisional structures used as Pankrac building site premises:

2.5. Provisional structures used as Pisnice building site premises;

2.6. Mobile cells used as Pankrac building site facilities.

and invalid.

3.1. The offered price is 1,350,000 CZK (one hillion three hundred and fifty million Czech Crownsk

3.2. Before filing the Bld for the Tender each bidder shall deposit ("Desposit") 1% of the offered price in a separate account with his bank. The account shall be blocked to the benefit of the advertiser. Immediately after the selecting of the winning Bid, the other participants will receive written notice from the advertiser which will serve as a no evidence for release of the blocked account 3.3. Failure to deposit the Deposit before filing the hid will make such Bid void

4. The Bid filing procedure

4.1. The bidder shall submit one copy of the Bid in a sealed cover marked by "RSP" in person or through an agent having a power of attorney with ollicially verified signature of the principal to the attention of Ms Marie Mala, notary in Prague (Office: Prague 2, 17 Karlovn namests). The date and hour of the Bid filing together with a receipt of the Deposit and a contract with the respective bank will be acknowledged and entered into a custody record;

4.2. After filing the Bid the bidder may neither revoke the Bid nor make a modifications or amendments thereto:

4.5. Before filing the Bid, the bidder will have an opportunity to review the RSP documentation with Ms Marta Bússová (phone + 42 - 2 - 273889).

5. The time limit for filing of a Bid

5.1. The Bid shall be filed in person or through an agent (see 4.1.) by not later than by 2:00 p.m. on 14th June 1996. If the Bid is mailed, the filing date and time will be considered to be the date and time as defined in Article 4.1. bereof.

6. The valuation method and deadline for selection of the best Bid 6. t. Ms M. Mala, notary in Prague will draw up a notarial deed recording the openiog of the covers, the number of bids, prices offered as well as the number and type of exhibits, if any:

6.2. The readiness to pay the purchase price and supporting evidencing the capacity to pay the purchase price as well as comments on the draft contract will be amongst the criteria for valuing the bid:

6.5. The advertiser shall complete the valuation of the blds by July 1st, 1996; 6.4. The advertiser will select the best Bid not later than by July 15th, 1996 together with the notice published in daily press and mailed by a registered letter to each bidder. By the same time the advertiser will ootify other bidders on the best

7. Advertiser a reservations

7.1. The bidder shall assume the draft agreement produced by the advertiser as his own. The draft mentioned will establish a busts for negotiations on the final

7.2. The advertiser retains the right to modify or nullify the advertised Tender in the same way as it has been advertised:

7.5. The advertiser relain the right to reject all Bids submitted.

8. Information

8.1. Any information on the RSP are available with Ms Marta Bössová (phone

8.2. Besides the said information the bidder will obtain the advertiser is draft agreement which forms a supplement to the conditions of the Tender.

ken protecte

Asian investors take the plunge

So far, the lion's share of interest has come from western Europe and to a lesser extent from the US

The recent decision by Matsushita Electric of Japan to invest in a television plant in the Czech Republic for its Panasonic subsidiary marks the first hig Japanese greenfield investment in the coun-

Japan and other Asian investors such as South Korea and Taiwan have been slow to enter the emerging markets of central and east Europe, but the Panasonic move has been heralded in Prague as the breakthrough, that could attract a rising wave of Japanese investment.

"There was increasing interest from Japanese companies last year, but this became enormous after we announced the Panasonic deal," says Mr Martin Jahn, director for greenfield projects at CzechInvest. the Czech agency for foreign

Czechlnvest is talking with Jepanese companies about projects worth \$400m, chiefly in the electronics and textiles sec-

The agency believes that the Panasonic investment could act as e catalyst in the electronics industry as did Volkswagen's acquisition of control of Skoda Automohilová, the Czech carmaker, in the eutomotive sector e couple of years

ago. The takeover by Europe's biggest carmaker of Skoda has triggered e big effort to restructure and modernise the

Czech automotive components industry and has already led to the formation of more than 40 joint ventures between western components producers and Czech suppliers and the setting up of 15 greenfield site components plants

CzechInvest expects several Japanese suppliers to Panasonic to set up operations in its wake in the Czech Republic, and claims that there is also increasing interest from Japanese companies in buying components in the Czech Republic for their assembly operations in Germany.

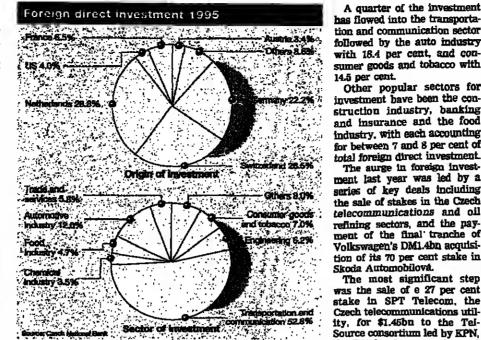
Daewoo, the South Korean industrial conglomerate, has been in the vanguard of Asian investments in east Europe. and although it has focused its attention chiefly on Poland and Romania, it has also taken control of Avia, the Czech light truck maker, which it is expec-ted gradually to integrate into its growing east European production network.

Interest in the Czech Repub lic has also emerged from Taiwan and investment in the creation of an industrial park either in Pizeñ or in Ostrava is

Attractions

Czechlnyest believes that Japanese investors are being attracted to the Czech Republic by its record for "political and macro-economic stability. This was the most important reason for Matsushita choosing this country," says Mr Jahn.

The Matsushtta plant, to be built at Plzeň in western Bohemia, is expected to enter production in April 1997 with e workforce of 350 and initial output of 300,000 units a year. Production, mostly for



export to other European countries, is planned to reach a million units a year with the workforce rising to 1,500 and with the possibility of the lant producing other products in the Panasonic range.

While the Czech Republic seeks to woo future investors from Asia, the lion's share of interest to date has come from west Europe and to a lesser

Hungary remains clearly the main recipient of foreign direct investment in central and east Europe, attracting funds totalling \$11.2bn in the six years from 1990 to 1995, eccording to e recent report by the Economist Intelligence Unit.

The Czech Republic, Poland and Russia are forecast to out-

pace Hungary during the coming five years to 2000, however, with the EIU forecasting foreign direct investment in the Czech Republic of \$15.5bn in the period compared with the \$5.797hm received from 1990 to the end of 1995.

According to figures from Czechinvest the pace accelerated last year with investment rising to 2,558bn in 1995 compared with \$862m in 1994 and 8m in 1993.

Of the cumulative investment of \$5.8bn, some 30 per cent has come from Germany 14.2 per cent from Switzerland and 13.6 per cent each from the US and the Netherlands. France accounted for 9.3 per cent and Austria for 5.4 per

followed by the auto industry with 18.4 per cent, and con-sumer goods and tobacco with 14.5 per cent. Other popular sectors for

investment bave been the construction industry, banking and insurance and the food industry, with each accounting for between 7 and 8 per cent of total foreign direct investment

The aurge in foreign invest-ment last year was led by a series of key deals including the sale of stakes in the Czech telecommunications and oil refining sectors, and the payment of the final tranche of Volkswagen's DM1.4bn acquisition of its 70 per cent stake in

The most significant step was the sale of e 27 per cent stake in SPT Telecom, the ity, for \$1.45bn to the Tel-Source consortium led by KPN, the Dutch telecoms and posta group, through its PTT com Netherlands subsidiary. and Swiss Telecom, its minor ity partne

The deal followed e fierce bidding war among five telecoms groups. TelSource's bid. which had technical support from ATT of the US, comprised \$1.32bn in cash and the rest in contributed services.

Last year also marked the sale of 49 per cent of Czech Refineries, the country's two main oil refineries, to e consortium of international oil companies, known as IOC and grouping Royal Dutch/Shell, Italy'e Agip and Concco of the

IOC paid \$173m for the stake, which has paved the way for e five-year modernisation programme at Czech Refineries (CRC) that will cost at least \$480m and is a crucial part of the restructuring of the country's relining and petrochemical industry.

Last year Mr Michael Ding-man, a Bahamas-based American private investor, also bought a series of significant stakes in 8 Czecb companies for around \$250m in sectors ranging from pulp and paper to glass, shipping and breweries.

The entry of his investment company, the Stratton group, heralds the arrival of e new force in the restructoring of Czech industry, with Stratton aiming to add western sales and marketing and financial expertise to companies, that have traditionally been production led.

Spending on infrastructure: By Vincent Boland

Future linchpin for European transport

Given its central location, the Czech Republic will eventually be a key hub in the Eur pean transport network. The country is about to run very fast to catch up with western Europe

One of the engines that will through Moravia and the eastdrive economic growth over the next ten years is infrastructure spending, as the Czech Republic rusbes to upgrade its air, road, rail and water transport systems to European standards.

The transport ministry, which is responsible for this massive modernisation programme, has an annual budget equivalent to three per cent of gross domestic product to finance it - "modernisation is a priority for the government", says Mr Vladimír Budinský, transport minister.

He estimates that Kc 150bn will be spent on modernising the country's transport infrastructure up to the end of the decade. Two-thirds of thet sum will be spent on the country's highway network, which is groaning under the weight of increased car and truck transport since 1990.

In 1990, one-in-five Czechs owned a car. Now the ratio is one-in-three, the minister says. But it is not just domestic road users who are responsible for increased traffic. The Czech Republic's position at the geographical heart of Europe eans that heavy traffic also arrives from Germany, Poland and Austria, making Czech roads an intimidating drive, especially in high summer as tourists race to the Black Sea

Four main projects dominate the upgrading of the highways. The first is the completion of the D5 motorway that will link Prague with Nürnberg in southern Germany, via the western Czech town of Plzeň. The Prague-Plzeň leg of this highway was completed late last year and the entire road is expected to be finished by 2000.

The eccond project is the building of the D8 motorway from Prague north to Dresden in eastern Germany, A con-tract between the Czecb Republic and Germany for this project is expected to be signed soon, although work on the Czech side has already started. The highway is scheduled to be

fully operational by 2004. A third road project is the D47 highway that will run from north to south, linking the Baltic states and Warsaw with Vienna, which will run

ern Czech city of Brno. The fourth project, meanwhile, is an orbital road circling Prague s.milar to, though hopefully not as terrifying as, the M25 around London.

Another Kc 50hn will be spent on the railways. The Czech Republic has the world's most extensive railway network, Mr Budinský says, with censity of 1km of track per 1,000 people, compared with 0.28cm per 1,000 in the UK. Two main projects dominate

railway spending. The first is completion of the modernisa. tion of the corridor between Decin in the north via Prague to Breciav in the east, the last stop on the Czech side before entering Slovakia. This corridor forms part of the main rail-way line linking Berlin and Budapest and is regarded as one of Europe's most impor-

Car and truck traffic has risen rapidly in the l last five years

The second project represents another vital corridor in Europe's rail network - the Ostrava/Přerov/Břeclav leg of the track linking Poland to the south. Each project will be financed by e mix of budget subsidies, etate-guaranteed loans and commercial loans from banks, and when they are completed the government bopes they will become the main revenue sources for Ceské Dráby (CD), the stateowned railway company.

When the two rail corridors have been completed, journey times between Prague, Brno and Vienna should be reduced considerably. It takes nearly six hours to travel from Prague to Bratislava, the Slovak capital. Mr Budinský says the upgrading has the capacity to cut journey times by nearly

CD is losing Kc 3bn e year, mainly because railway use has fallen dramatically as car numbers have increased - rail passenger numbers have fallen from 290m in 1990 to 227m last year. A restructuring pro-

gramme that involves the P vatisation of some of its :" work is being implemented although, so far, privatisation extends only to re input

"Maybe one think of records rootes can be in private but I am very sception! Me Budinsky says. The wholesale privatisation of the network. As in the UK, has been re-rected as unworkable, at least for the moment Instead, to turn CD around the focus is on entirecosts and raising revenues.

The restructuring of CD will see the closure of some limit where demand for rail service: is negligible. Although them a target of reducing the network run by CD by 15 per cent. Mr Budinsky says the ann "s to cut costs, not to shut lines CD will remain a state cont pany et least until 2000.

Elsewbere, a new interna tional passenger terminal under construction at Praguairport, is expected to raise !! airport's capacity to 4.8m p sengers by the end of decade, from 2.3m today. \$200m project is being out by Bouygues of France Ai-British Aerospace, with dorthe tic financing. The project He initially delayed because of the government's refusal to achantee loans offered by inteuritional banks. It went ision, when the foreign banksed he drew and the govern the agreed to underwrite louse from domestic banks.

Lo, addition to tra infrastructure. SPT T fill be the national telephone says. tor, will also be spe can beavily on modernisation new the end of the decade year the government per cent of the compa Dutch/Swiss consorti and \$1.45bn the first step process. Now SPT is ing on an investme gramme that will' co \$5bn to implement,

services and linking in tomers into the network. Some local operators are gearing up to offer specific vices in selected areas, while, two mobile telephone operators were licenced at the end of February to begin offering digital mobile communications nationwide. The entire tele-coms project is being funded by private finance.

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Ing. Petr Kulhanek Chairman of the Board Linh ArT a.s. -Manager of the YSE, a.s. - IF portfolio

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